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## NEWS SUMMARY

**GENERAL**

### Times agrees to new talks

Times Newspapers has agreed to start negotiations tomorrow on new agreements with the National Graphical Association in a final bid to save the suspended publications from permanent closure.

The negotiations have been given a four-day deadline, and earlier Lord Thomson of Fleet, chairman of International Thomson Organisation, warned that the point of decision on saving the papers was "but a few days away."

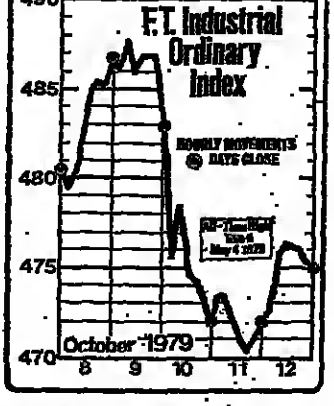
NGA members are refusing to resume work until a completely new pay and conditions deal is agreed as they fear their pay differentials with other workers are in danger of being eroded. The papers have remained suspended for about 10 months. Back Page

**BUSINESS**

### Gilts up 0.24; Equities firmer

● GILTS rose with gains of up to 1/4 in large and 1/2 in shorts, and the Government Securities Index put on 0.24 to 71.30.

● EQUITIES were firmer, and the FT 30-share index closed 3.1 higher at 475.0.



**ITV pay offer**

ITV companies have offered a 45 per cent pay deal over two years to all three unions in the dispute. Leaders of ACTU, the main technicians' union, said they would not recommend its rejection.

**Combat jet plan**

Defence Ministers from Britain, France and Germany will meet in Hamburg on Monday to discuss plans for a possible joint development of a new tactical combat aircraft to replace the Jaguar and Phantom jets. Back Page

**Ian Smith stand**

Former Rhodesian Premier Ian Smith left Salisbury for London pledging to "get the best deal for my country," but said he might accept an overall settlement package even though he had rejected British constitutional plans. Feature Page 2

**Shell man dies**

Michael Pocock, chairman of Shell Transport and Trading, died suddenly at his home in the early hours of yesterday. He was 59. Obituary, Page 4

**Peach inquest**

The inquest on Blair Peach, the teacher who died after clashes at an anti-National Front demonstration, was stopped after the Lord Chief Justice allowed Mr. Peach's family to apply for a jury to sit with the West London coroner.

**Envoy's son shot**

Police in Holland are looking for a man believed to be from an Armenian assassination squad who shot and killed the son of the Turkish ambassador to The Hague. The killer fired as Ahmet Benler waited in his car at a busy traffic junction. Page 2

**Opera shows hit**

The Royal Opera House, London, has cancelled all 10 performances of Der Rosenkavalier, due to start on October 27, because the 150-strong orchestra wants a minimum of £160 a week, a rise of nearly 50 per cent.

**Home-in-one**

Japanese golfer Isao Aoki's hole-in-one at the 155-yard second hole on the West Course at Wentworth has won him a two-bedroom home at Glenageary, Scotland, worth £55,000 including the furnishings. Page 15

**Briefly...**

Chinese Premier Hua Guofeng left Peking to start a historic tour of four West European nations. Page 2

British Airways workers have decided to call off Monday's threatened 24-hour strike at Heathrow Airport. Page 4

Madgers in West Yorkshire will use under special protection from December 1 under an order laid before Parliament.

**BRIEF PRICE CHANGES YESTERDAY**

Prices in pence unless otherwise indicated

RISERS		FALLS	
Sheep, 12 1/2% .....	128 + 1	Wiltshire Match .....	168 + 8
Barro and WAT A .....	128 + 6	Western Mining .....	183 + 6
Beccan .....	154 + 3		
Leith .....	290 + 5		
London A .....	294 + 6		
London B .....	292 + 7		
London C .....	292 + 8		
London D .....	292 + 9		
London E .....	292 + 10		
London F .....	292 + 11		
London G .....	292 + 12		
London H .....	292 + 13		
London I .....	292 + 14		
London J .....	292 + 15		
London K .....	292 + 16		
London L .....	292 + 17		
London M .....	292 + 18		
London N .....	292 + 19		
London O .....	292 + 20		
London P .....	292 + 21		
London Q .....	292 + 22		
London R .....	292 + 23		
London S .....	292 + 24		
London T .....	292 + 25		
London U .....	292 + 26		
London V .....	292 + 27		
London W .....	292 + 28		
London X .....	292 + 29		
London Y .....	292 + 30		
London Z .....	292 + 31		

## Singer's Scottish plant to close at cost of 3,000 jobs

BY RAY PERMAN in NEW YORK and LISA WOOD in GLASGOW

Singer, the U.S. sewing machine group, is to close its UK manufacturing plant at Clydebank near Glasgow by June next year with the loss of 3,000 jobs and has set aside \$130m (£60m) to restructure its remaining operations in Europe and North America.

The moves represent an attempt to break out of the spiral of declining sales and poor productivity, compared with Japanese and other foreign competitors.

The Clydebank plant, once Scotland's largest single employer with a workforce of 14,000 25 years ago, has been one of Singer's biggest loss-makers for some years. An attempt in June last year to save the plant with a £10m investment programme and the axing of 2,800 of the then 4,800 jobs there, phased over four years, failed when productivity and orders continued to fall.

Mr. Joe Flavin, chairman and chief executive of the U.S. company, told national union leaders and Singer shop stewards of his board's decision to close the factory at a meeting in Glasgow yesterday. He said the plant would close by June next year, with the run-down starting after the New Year.

The action, approved on Tuesday by the Singer board in the U.S., was the first step in a restructuring of the company's sewing machine manufacture in Europe and North America, which would take more than two years.

The decision was primarily because of serious over-capacity at its factories throughout Europe caused by an ever-declining market for household sewing machines, and stiff competition from other sewing machine producers.

Singer management is also believed to have been angered by the company's failure to gain a dispensation for the company during the recent engineering dispute. At that time much of the Clydebank factory was working either a three- or a four-day week because of low orders.

New York the company said it would not be paying the 10 cents third quarter dividend on its common stock. It forecast that the creation of the new reserve would mean a substantial loss in the third quarter and for the year as a whole.

Singer's first-half profits, at \$28.8m after tax, were down 31 per cent on the same period last year largely due to losses on industrial sewing machines. The third quarter figures are due out later this month.

Mr. Flavin and Mr. Jim Johnson, president of the U.S. division, who is also in Europe, will consider what cuts need to be made in the plant during the recent engineering dispute.

## Dalgety completes £70m takeover of Spillers

BY CHRISTINE MOIR

DALGETY has won the battle to take over Spillers. Although the 10 largest institutional shareholders have still not accepted the bid, Dalgety was able to claim yesterday that it controlled just over 51 per cent.

The international food trader immediately declared its £70m offer for the flour miller and pet food group unconditional as to acceptances.

The merger of Dalgety and Spillers into the UK's fifth largest food group merely awaits inspection and approval by Dalgety's lawyers of Spillers' multitude of trade agreements, supply contracts and cross guarantees.

Mr. Michael Vernon, chairman of Spillers, was formerly hoping yesterday that perusal of the documents might cause Dalgety to back off, but in his formal announcement he simply regretted the loss of independence of Spillers, with which his family has been associated for three generations.

He declined to comment on his future beyond saying that there might "be problems" in his working for Dalgety and he "didn't know if they'd want me."

Lazard's, the merchant bank which has been advising Dalgety throughout the twice-extended and controversial bid, was also reluctant to discuss the future of the 12.3 per cent of Spillers it bought for about £9m in market raids during the bid.

Other institutional shareholders had already made their decisions. Norwich Union, the largest shareholder, with 1.8 per cent of the equity, will accept Dalgety's paper rather than remain in a minority position and hold on indefinitely in anticipation of a fairly lengthy "artificial market" in the shares.

By close of business Spillers' shares had risen 2p to 47 1/2. The previous day Dalgety's offer price was 47p.

M and G Investments, which holds shares in both companies, believes Dalgety now offers good value given the low price at which it has won Spillers.

Mr. Alfred Singer, the non-executive director of Spillers, who resigned over the bid and triggered off institutions' fears about its wisdom, yesterday claimed some of the credit for that price.

He said that when Dalgety had first considered his proposals were based on pre-tax profits of £19m.

"At the event it is forecasting a 15 per cent rise in pre-tax profits."

The delay to the bid by my opposition from February to August saved Dalgety's shareholders considerable dilution in earnings, and allowed Spillers to be bought at rock bottom.

"It was never a question of whether Spillers could be bought but whether it should. I hope the board of Dalgety now approaches the task with the much required speed and energy."

Mr. David Donne, chairman of Dalgety, on the eve of a business trip to China, opened eager to begin the task. His top priority was to "get earnings up," he said, admitting that the job would be "long and hard."

The offer for the preference shares has still been accepted by only 38.1 per cent. Spillers will need to publish separate accounts for some time as there are quoted debentures outstanding. Lex, Back Page

## Gas prices likely to rise by 20%

BY SUE CAMERON

DOMESTIC GAS prices are likely to increase by almost 20 per cent next April as a result of proposals being considered by the Government and the British Gas Corporation.

The plan under discussion is to put up domestic gas prices in line with the annual rate of inflation as measured by the retail price index and then to add an extra 5 per cent. The Government and British Gas would like to follow this formula for the next three or four years until gas prices have reached what they see as an economic level.

This is expected to mean that the price of gas—by far the cheapest form of domestic fuel—should be brought into line with oil and electricity, which for domestic use—now costs between 40 per cent and 50 per cent more than gas, as do solid fuels. But successive governments have frozen gas prices and refused to let them rise to the levels of other energy sources.

The last gas price rise was in June when the increase was a flat eight per cent. Sir Geoffrey Howe, the Chancellor, announced in his Budget speech that no further increases would be allowed until next April. The previous Government froze domestic gas prices for two years, starting in April 1977. It is estimated that gas prices have fallen in real terms by around 15 per cent since then.

British Gas is known to be anxious to put up domestic prices at the earliest opportunity, which means householders can expect substantial increases in their bills in April. Inflation, based on the retail price index, is currently running at around 16 per cent and it is expected to reach at least 17 per cent by the end of this year.

Under the formula proposed by the corporation and the Government, this would mean a 22 per cent rise in domestic gas prices next year with a similar increase in 1981.

British Gas said in July that an increase of between 50 and 60 per cent would be required to dampen growing demand from domestic consumers. But the corporation, which last year made pre-tax profits of £360.7m, is anxious to ensure steady increases rather than a series of steep, unco-ordinated rises.

The corporation has recently come in for sharp attack from major industrial gas consumers, particularly the chemical industry, because of the way its pricing policies have favoured domestic customers.

The criticisms, triggered partly by the corporation's inability to take on new industrial customers in the wake of the oil crisis, have centred on comparisons with Continental countries, whose pricing systems tend to favour industrial and commercial users.

## Renault to build cars in U.S.

By Terry Dodsworth in Paris and Ian Hargreaves in New York

RENAULT, the State-owned French group, is tightening its links with American Motors Corporation (AMC), smallest of the U.S. car companies, with a \$150m deal which will give it a significant shareholding and allow it to start building cars in America.

The financial accord with AMC is designed to make Renault the most important shareholder in the group although it will not be a dominant position.

Renault has already bought a 5 per cent share in the American company for \$15m through an issue of authorised lent previously unreleased stock.

This is being followed by two convertible bond issues, worth a total of \$55m, which will give Renault 22.5 per cent of AMC if it chooses to convert them into shares. The loans are for \$45m and \$40m at rates of 9 per cent and 10 per cent respectively.

The final element in the package is a \$50m non-convertible loan to be used as working capital.

The arrangement with AMC underlines Renault's determination to become a significant force in the U.S. car and commercial vehicle market. It comes seven months after RVF, the French group's commercial vehicles subsidiary, took a 30 per cent stake in Mack, the second largest heavy truck producer in U.S.

AMC, which has a meagre 2 per cent of the U.S. car market, will not only get a cash injection from Renault but also access to European small-car technology at a time when the size of the average American car is shrinking to be able to meet stringent new fuel economy legislation.

The agreement comes about nine months after Renault announced plans to distribute its R-5 model, known in the U.S. as the Le Car, through the AMC sales network.

Renault said yesterday that its strategy has been aimed at building up a strong dealer network in the U.S. before launching into vehicle building in 1982.

Following the original agreement with AMC, signed last January, Renault has now doubled its distribution network from 400 dealers to 600, and is aiming to increase to 1,000.

Next year it will be introducing its R-18 model in North America, and this will be followed in 1982 by a wholly new vehicle designed for the U.S. Continued on Back Page

## PM calls on workers to defy strikes

BY RICHARD EVANS, LOBBY EDITOR

THE PRIME MINISTER launched an impassioned appeal to trade unionists yesterday to be ready to defy strike orders this winter if they went against the national interest.

In her election victory speech to the Conservative conference at Blackpool, Mrs. Thatcher warned that the Government with the support of public opinion, would be prepared to resist union militants should they threaten another winter of industrial disruption.

"I would ask every man and woman who is called on in the next few months to take part in disruptive industrial action to consider the consequences for themselves, their children and their fellow countrymen. Our supreme loyalty is to our country and the things for which it stands," she said.

It was a powerful call which, combined with an attack on the "militant madness" which went further than some Cabinet colleagues had expected.

Mrs. Thatcher, admitting for the first time the political as well as economic dangers the Government could face from the unions this winter, sought to isolate militant trade unionists from the mass of their membership.

She claimed that the conflict of interests was not so much between unions and employers as between unions and the nation, of which trade unionists and their families formed a large part.

The attack on excessive union power formed the core of an effective first speech to the Tory conference as Premier. Mrs. Thatcher's twin themes of "militant madness" and the election triumph and a pledge to push ahead with manifesto commitments had the 5,000 representatives on their feet cheering wildly in a five-minute ovation.

The performance confirmed her personal authority over the Tory party, which has shown a notably hawkish attitude this week. Ministers have been given due warning that they are not expected to compromise on election pledges in the coming year.

Mrs. Thatcher took up this theme with vigour and reaffirmed the government's intention of carrying out its mandate as the government wants the greatest possible co-operation with both sides of industry and we will go a long way to get it. But we will not—repeat not—print money to finance excessive pay settlements.

She attacked some trade union leaders for thinking they had the right to contract out of the effects of inflation provided they were powerful enough to impose their will on a suffering public.

"What madness it is that winter after winter we have the great set piece battles in which the powerful unions do so much damage to the industries on which their members' livings depend. They ignore the reality that there is an inescapable link between prosperity and production."

Millions of workers went in fear of trade union power, she said, and the demands on the Government to make changes were coming from the very people who experienced this fear.

One of the biggest cheers, she received was when she reaffirmed the Government's intention of introducing legislation to close shop and secret ballots before the end of the year.

But she also pledged continuing contacts between the Government and the unions "so long as it is understood that national policy is the sole responsibility of Government and Parliament."

On Wednesday, she confirmed the view taken after the conference debate on Wednesday that sanctions were likely to lapse next month. She said that in view of what had been accomplished in the constitutional talks "the time for lifting sanctions cannot be far off. There is no longer any vestige of excuse for the conflict in Rhodesia to continue."

Mrs. Thatcher took an aggressive line towards Britain's excessive contribution to the European Community budget. She said Britain was a committed member of the Community but that did not mean we were content with the way all its policies worked.

"The hard-pressed British taxpayer really will not stand for paying still more in order to reduce the tax bills of our wealthier Community partners," she said.

Nick Garnett, Labour Staff writer, Mr. David Bassett, chairman of the TUC's economic committee and general secretary of the General and Municipal Workers Union said the speech was a crude, brutal and ill-informed attack on trade unions and trade unionism.

"She offers to trade unionists no solution to their mounting problems caused by inflation, growing unemployment and a declining standard of living." Conference report, Page 6

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DATE: \_\_\_\_\_

**THE M&G GROUP**

**CONTENTS**

The U.S. economy: after the Fed's package ..... 20

Politics today: the underlying qualms at the Tory conference ..... 21

Rhodesia conference: Bridget Bloom on the guerrilla mistrust of Britain ..... 2

Week in the markets: disaster on Wall Street, weakness in London ..... 7

Your savings: switching unit trusts ..... 9

Insurance: cover for a legal battle, and skiers ..... 8 & 11

Property: time sharing in the Highlands ..... 12

Gardening: rehabilitating the lily ..... 13

Motoring: Lancia returns to the big time ..... 14

Travel: long stay sunshine/holidays ..... 15

Golf: matchplay at Wentworth ..... 15

Survey: whisky ..... inset

Appointments .....	30	Golf .....	18	Property .....	12	UK Convertibles .....	31
Arts .....	18	How to Spend it .....	17	Racing .....	24	OFFER FOR SALE .....	
Books .....	28	Insurance .....	8	Share Information .....	34-35	M & G Group .....	1
Bridge .....	13	Int'l. Co. News .....	25	SE Week's Deals .....	30-31	Garmonium Fund .....	7
Chess .....	13	Labour News .....	4	Travel .....	18	Farmington Unit .....	7
Collecting .....	25	Leaders .....	20	TV and Radio .....	18	Trident Life .....	11
Company News .....	22-23	Letters .....	20	Unit Trusts .....	24	Liberty Life .....	23
Crusoe Puzzle .....	24	London NY & Overseas .....	32	UK News .....	3-4	Lydia Assurance .....	23
Economic Diary .....	21	Money & Exchange .....	31	Unit Trusts .....	24	Gresham Life .....	23
Entertain. Guide .....	18	Man of the Week .....	36	Weather .....	36		
Finance & Family .....	2	Money & Exchange .....	31	Your Savings/Inv. .....	9-11		
FT-Accounts .....	32	News Markets .....	7-9-32	Unit Trusts .....	24		
Gardening .....	13	Overseas News .....	2	Local Auth. Bonds .....	31		

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OVERSEAS NEWS

Bridget Bloom looks at the deadlock in the Rhodesia conference

Guerrilla mistrust over Britain's proposals

AT THURSDAYS session of the Lancaster House Rhodesia conference, Lord Carrington, the Foreign Secretary and conference chairman and Mr. Joshua Nkomo, co-leader of the Patriotic Front, engaged in an acerbic little dialogue. "Our paper is quite straightforward," Mr. Nkomo said, describing the five paragraph document which he and his colleague, Robert Mugabe, had just submitted in answer to Lord Carrington's demand that they should accept the British draft constitution. "I wish I found it so," the Foreign Secretary replied, apparently remaining in as much confusion after he had adjourned to meet the two guerrilla leaders privately as he had been before. Those of us who were not privy to what went on at Lancaster House on Thursday (and no journalist was: that dialogue was reported by the official British spokesman) might be forgiven for being confused. Commentators agree that the conference is deadlocked. But it is, after five weeks, about to break up in a disarray and recrimination? Or is what we've been witnessing for the past couple of weeks an "eyeball to eyeball" confrontation in which sooner or later one of the participants will blink—and work out a com-

promise formula to allow the deliberations to limp on to the next agenda item? The deadlock arises out of such complex tactical and strategic considerations that even the participants cannot at this stage say exactly how it will go. The specific problem just now is over the British draft constitution, the only subject discussed since the conference opened on September 10. Early this month, Lord Carrington asked both delegations to accept the document subject only to "satisfactory arrangements" being negotiated for the pre-independence transition. The Bishop acceded within two days. The Patriotic Front, after more than a week, listed its constitutional issues like the entrenchment of land rights, as well as issues covering the role of the army and police during the transition. If Lord Carrington accepted these reservations, negotiations on the transition could continue, the Front said. The Foreign Secretary then adjourned the conference for a few days. More broadly, the importance of the prize being negotiated is recognised by all three delegations. For Britain, the Front and Salisbury it is an end to

the war and the acceptance of a legally independent Zimbabwe by the rest of the world. For the Front and Bishop Muzorewa's Salisbury delegation, as well as its dissident members Mr. Ian Smith and his white supporters back home, it is also about who rules the new country. Many of the problems of the past few days stem from this ultimate contest for power. Unless the right tactical moves are made now, the ultimate goal which the participants seek might be lost. Thus, for example, Bishop Muzorewa early on accepted Britain's new constitution. For the black members of his delegation, acceptance proved no problem. Lord Carrington, by abolishing white parliamentary blocking mechanisms and white control of the administration, has won the Bishop what he was too weak to negotiate for himself during the "internal settle-

ment" talks 18 months ago. Mr. Smith, however, stood against this loss of white control, and declares that he will fight any further dilution of white influence in for example the army and police. The Bishop's acceptance of new elections under the British con-

stitution represents for him a higher concession, for if the Front were to contest them, he could very well lose. In the last 10 days the Patriotic Front has moved quite a long way towards the British position: they accepted white reserved seats; agreed to a prime ministerial rather than a presidential system, and accepted the principle of compensating white officials or farmers who might be deprived of jobs or land. But they have so far stuck hard on entrenching such provisions in a constitution. The British document makes them unchangeable for

ten years unless every single member of parliament agreed. Lord Carrington is adamant that this provision should stay. Land is a highly charged emotional and political issue in Rhodesia. To give the black majority their "fair share" of that land, the Front maintains, is what the war is all about. Lord Carrington's constitution does not aim to protect citizens but to "preserve white privilege." For his part, Lord Carrington may feel that such stringent conditions are necessary to prevent a white backlash. But can it really be that there is no compromise on this issue? The key question today is whether there is the political will and enough political trust for such compromise. The Front does stand on principle on the land issue; but the main reason why it does not accept Lord Carrington's constitution without reservations (after all, cynics might argue, it could tear it up after winning an election) is that it does not trust Britain's motives. Mrs. Thatcher's government, the Front believes, wants to do a deal with the Muzorewa government. The Front leaders are afraid that if they agree to the British constitution and then negotiations break down Britain will encourage the Bishop to unilaterally imple-

ment the "agreed" constitution, which could then pave the way for international recognition. Britain publicly denies, not wholly convincingly, that it has this in mind. There can be no doubt that British ministers would prefer a solution which would involve the Patriotic Front, not because they like the Front (Blackpool showed how many in the Tory party consider them anathema) but because an agreement without them will not end the war. Equally, however, Lord Carrington is a realist. At the start of the conference he and his officials saw little likelihood of a solution acceptable to all parties being negotiated. Privately, ministers and officials have been talking of a "second class solution." This would be based on Bishop Muzorewa's acceptance of the British constitution, which would then be put to the test of elections which the Front would be invited (but would decline) to fight. These elections, following the Lusaka Commonwealth agreement on which this conference is based, would be "under British authority."

The hope would be that the U.S., the EEC and a number if not all the frontline African states would acquiesce in such elections, on the grounds that



Mr. Joshua Nkomo and Mr. Robert Mugabe

Britain had done all it could. The war would not end, but it could de-escalate, especially if, as seems likely, Zambia and Mozambique, which harbour the Front guerrillas, continued to have their economies undermined by the deprivations of war. Above all, this course would be popular with the Tory Party, would allow an end to sanctions, and—just possibly—"get Rhodesia off Britain's back" once and for all. Early this week, there were suggestions that Lord Carrington was trying to provoke the Front into walking out of the conference. A more charitable explanation of his "strong arm tactics," in which he has insisted on a direct acceptance of the constitution, is that he believes this is the only approach which will move the conference forward. He is intent (it is claimed on the advice of Commonwealth African Governments in Lusaka) on leading not mediating. But is mediation needed this weekend to save the conference? The frontline African states have observers in London; the Commonwealth Secretary General and other Commonwealth governments are deeply concerned. Mistrust between the Front and Britain is there, and it may be partly for that reason that the talks will ultimately founder. But the impression remains—and it can be no more than that—that ways will be found of preventing a breakdown at this stage.

Japan backs £1.4bn Iran plant

BY RICHARD C. HANSON IN TOKYO

THE JAPANESE Government has agreed to provide financial assistance to complete a huge petrochemical complex being built by the Mitsui Group in Iran, where construction has been stalled since last spring. The assistance will involve acquisition of a ¥20bn (£41.6m) capital share. Mr. Masumi Esaki, International Trade and Industry Minister, flew to Tehran yesterday to explain the Government decision to support the project. He is also expected to ask the Iranian Government to increase exports of crude oil to Japan, which have been cut well below levels agreed last spring. The Government has formally approved a plan under which it will provide, directly or indirectly, about ¥130bn of the ¥180bn now needed to finish work on the 85 per cent completed Iran-Japan petrochemical complex in Bandar Khomeini, formerly Bandar Shahpou, southern Iran. The fate of the project, where

costs have risen from an original ¥550bn to ¥730bn (£1.4bn) because of delays and inflation, has been in doubt since the Iranian Revolution brought about the downfall of the Shah. Talks on the project began over a decade ago. In addition to the ¥20bn Japanese participation in the capital, the Mitsui Chemical Development Company, the Government's Export and Import Bank, will extend credits (together with private banks) amounting to ¥80bn. The main partners and a large number of newly-found participants will put up the remaining ¥30bn Japanese portion of the new capital for the project. Five Mitsui group companies, led by Mitsui & Company, will provide the bulk of the capital increase (about ¥23bn), with a group of 20 banks and more than 50 companies contributing about ¥6bn. The Government role here is crucial, because the EXIM bank will lead those companies the necessary funds. Mitsui, faced with the enormous cost of completing the project, had originally sought direct Government investment of ¥40bn, but officials rejected that amount as too high. Iran became irritated at the delays while various Ministries debated the size of the investment, which comes from the Government's Overseas Economic Co-operation Fund. The Japanese Government decision will, if accepted by Iran, mean that a planned doubling of the capital of the joint venture company will take place. Both Iran and the Japanese companies (50-50 partners) had agreed to raise capitalisation to ¥200bn. It is assumed that Iran will be able to provide the extra ¥50bn called for under the plan. Japan was faced with little choice in continuing the petrochemical venture, both because of the need for stable supplies of crude oil from Iran, and the losses which Japanese companies would suffer if the pro-

Turkish diplomat's son shot in The Hague

By Charles Batchelor in Amsterdam

POLICE in The Netherlands were last night hunting a man believed to be from an Armenian assassination squad who shot and killed Mr. Ahmet Benler, the 27-year-old son of the Turkish Ambassador to The Hague. The gunman, who had been standing at a bus stop, fired about five shots at Mr. Benler as he was waiting in his car at traffic lights in the city centre. After the shooting, just before 10 am, Mr. Benler drove on and collided with a number of parked cars before he died. He was alone in the car, a red Volkswagen with diplomatic markings. Mr. Benler was a student at the Delft College of Technology. Mr. Ozemir Benler, his father, became Ambassador to The Hague in 1978. The police later issued a brief description of the man they are looking for. Soon after the attack an anonymous caller to a news-agency in The Hague said the shooting was the work of the "Justice Commando for the Armenian Genocide." Police in The Hague, who recently announced plans to step up protection for diplomats, said they had no indication that an Turkish group was planning any action. The organisation has already carried out a number of assassinations to avenge the deportation and killing of Armenians by the Turkish Government in 1915 and 1916. In the period between 500,000 and 1m Armenians were moved from an area which now forms part of Syria and 35,000 died.

Hua's Western journey will focus on economic issues

BY JOHN HOFFMANN IN PEKING

PREMIER HUA GUOFENG, the Chinese head of state, and party chairman, left Peking yesterday to start a historic tour of four western European nations. The visit marks the first venture to the west by any head of the Chinese Government since the founding of the Communist Republic in 1949. After a pause at Urumchi in China's north-western Xinjiang province Premier Hua will fly to France, West Germany, Britain and Italy. The visit is Premier Hua's second outside China. Last year he set the style of China's new internationalism by making trips to North Korea, Romania and Yugoslavia. Reporting his departure today, the New China News Agency said the visit would "greatly promote mutual understanding between China and these countries, broaden the scope of their co-operation and contribute to the defence of world peace." Since the death of Chairman Mao Tse-tung in 1976, and the

national adoption of energetic modernisation policies, the Chinese leadership has vigorously cultivated its relations with the west. Startling changes of political attitude have resulted in a friendship pact with Japan, the normalisation of diplomatic relations with the U.S. and growing economic links with the west, which belie China's historical distrust of capitalist nations. Premier Hua will use his European tour to consolidate economic ties with some of the countries most important to China's modernisation plans. China is committed to importing huge quantities of agricultural and industrial technology and equipment. Sound relations with the countries best able to provide them are essential to China's long-term development. The tour will also serve as a demonstration of anti-Soviet solidarity: China regards the Western European nations as a bulwark against Soviet expansion. However, Western leaders are likely to be cautious about allowing him to criticise the Soviet Union too freely while on their soil. It is probably no accident that the tour takes place just weeks after the start of talks between Peking and Moscow intended to improve relations between the two countries. Chinese leaders admit that they have little hope of reconciliation with the Soviet Union. Premier Hua's European tour is a way of showing the Kremlin that China has plenty of powerful friends.

Arrest in Giscard tax return case

By David White in Paris

French police said yesterday they had arrested a former Government employee for possession of photocopied tax returns which had been published in the satirical newspaper, Le Canard Enchaîné. The arrest came two days after the same newspaper had published allegations that President Giscard d'Estaing received diamonds from the deposed Emperor Bokassa. The tax returns are those of the French President and two of France's wealthiest industrialists—M. Marcel Dassault, head of the Dassault-Breguet aircraft firm, and Baron Edouard-Jean Empain, Belgian chairman of the Empain-Schneider steel, engineering and nuclear conglomerate. President Giscard d'Estaing's tax declaration had appeared in the newspaper in June and M. Dassault's in September. Other reports concerning investments made by M. Raymond Barre, the Prime Minister, appeared last week in the right-wing magazine "Minute." Police said they had arrested M. Dominique Marie, aged 21, a former employee of the finance ministry after he had been held for presenting false papers in a traffic check. The photocopies were found during a search of his home. He was charged with theft, concealment and breach of professional secrecy. M. Marie told police he had obtained the documents on behalf of somebody else, as yet unnamed. The authorities had up to now been unable to pin down where it obtained the material which Le Canard Enchaîné reproduced.

AEG-Telefunken aid doubtful

BY JONATHAN CARR IN BONN

THE WEST GERMAN government is under increasing pressure to come to the aid of AEG-Telefunken, the ailing electrical giant which is facing another big loss this year. But it is far from clear so far that Bonn will, in fact, intervene. Comments by Herr Hans Matthöfer, the Finance Minister, before trade unionists in Frankfurt on Thursday night were initially interpreted as meaning that government help was in the offing. Referring to the recent closure of some AEG plants and apparent plans for more, Herr Matthöfer said one could not stand idly by and see thousands of workers made redundant. But a finance ministry official said yesterday that Herr Matthöfer was not specifically referring to any planned government action. And the economics minister, Count Otto Lambdorff, is known to be against state intervention—making it clear that that applies to AEG-Telefunken, too. AEG-Telefunken has a labour force of 163,000—most of them in West Germany—and turnover last year of DM 14.1bn. It is the country's second biggest electrical concern after Siemens. With a general election looming next year and a finance minister constantly and publicly stressing his dedication to policies to bring a return to full employment, it would be hard for Bonn to avoid stepping in. This point has not yet come, and may never do so, since new efforts are under way to put the concern on a healthier footing. An extraordinary company

Falldin plan to strengthen Swedish economy

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

THE MOST important task for Sweden's non-socialist Government will be to reinforce the economy. Mr. Thörbjörn Fälldin, the Prime Minister, said yesterday when he presented his new Cabinet and its programme to the Riksdag (Parliament). The Cabinet includes eight Moderates (Conservatives), seven Centre Party members and five Liberals, reflecting the gains made by the Moderate Party in the General Election on September 16. In the key posts there is little change from the first government. Mr. Falldin formed in 1978. Mr. Ola Ullsten, the Liberal leader, takes the Foreign Ministry from the Centre Party's Mrs. Karin

Call to increase Euro-Parliament staff by 25%

By Elnor Goodman

EUROPEAN MPs are expected to be asked to approve an increase of more than 25 per cent in the number of people employed by the European Parliament. The demand has already resulted in a disagreement between the Parliament's Bureau—the committee composed of leaders of all the political groups, together with the President and Vice-President—and the Budgetary Committee. It would also run into opposition from some member-Governments, unless the budgetary committee persuades the Bureau to modify its proposals. At present, the Parliament employs just under 2,000 people, many of whom travel around the three cities in which the Parliament operates. Now the Bureau has backed a proposal that the staff should be increased by 539. The increase, it is claimed, is necessary because of the more than two-fold rise in the number of MPs after the direct elections, and the imminent entry of Greece into the Community. Most of the extra staff would join the Parliament's existing central secretariat. But a specific request has been made for 128 people to work for individual political groups.

Danish backing for fishermen

By Hilary Barnes

PLANS to compensate Danish fishermen for income lost because of the British ban on fishing in the Norway "pout box" received broad backing in the Folketing market committee yesterday. Mr. Uffe Elleman Jensen, committee chairman, said there was no doubt the Government would be able to carry out a plan for compensation after the October 23 election. But committee members gave little support to the idea of indemnifying fishermen for fines and confiscation of equipment if they entered the "pout box" despite the British ban.

Italian inflation up

BY PAUL BETTS IN ROME

RETAIL price inflation is now running in Italy at an annual rate of nearly 17 per cent compared to an original target of about 12 per cent for 1979. The worsening of inflation was confirmed by official figures released here yesterday showing a 2.5 per cent increase in consumer prices last month compared to the previous month. On an annualised basis, this corresponds in a 16.8 per cent inflation rate.

Leaders longing for stability

BY DAVID SATTER IN MOSCOW

ON SUNDAY it will have been 15 years since the Communist Party Central Committee stunned the world by removing Mr. Nikita Khrushchev, the Soviet Premier, and putting in his place a "collective leadership," headed by Mr. Leonid Brezhnev and Mr. Alexei Kosygin. The revolt of the party against the holder of supreme power, a revolt which would have been unthinkable in the years when Stalin used the secret police to terrorise the party, brought with it a new type of one-man rule. Mr. Brezhnev quickly surpassed Mr. Kosygin in power and authority. But unlike Stalin, who crushed the party, and Khrushchev, who tended to ignore it, the colourless Mr. Brezhnev always seemed to embody it. His policies have consistently reflected the party's longing for stability, predictability and the enhancement of its members' own power. Mr. Brezhnev is now in failing health. But the leadership which emerged in the Soviet Union 15 years ago has striven to guarantee that the "Brezhnev era" will survive him. Stalin built the Soviet system at a cost of 20m lives and Khrushchev tried, fruitfully to reform it. Mr. Brezhnev, however, tried to rationalise it, to eliminate wild swings in policy and to a pattern of Soviet internal and external behaviour that could characterise the

Wage improvements ahead

BY OUR PEKING CORRESPONDENT

A SWEEPING reorganisation of China's wage and price structure, intended to improve the living standards of China's 800m rural peasants, is expected to take effect on November 1. Chairman Hua Guofeng, China's leader, announced in June, during the annual meeting of the policy-making National People's Congress, that the Government would increase the real income of peasants by raising farm produce prices by 20 per cent. The move was calculated to placate a restless and un-

SOVIET POLICY 15 YEARS AFTER KHRUSHCHEV

Leaders longing for stability

BY DAVID SATTER IN MOSCOW

enthusiastic rural population, which has seen little improvement in living standards while city workers have grown more affluent. China's 800m peasants are believed to be satisfied with the benefits of Mr. Hua's inflationary experiment, but city workers feel some uneasiness. The latter fear that an extra five yuan a month awarded them will not compensate for food price rises, which have already made an impact. The five yuan (\$2.50) a month is to supplement the present

Urban average of 58 yuan (\$31.60)

At the same time food prices, which are controlled by the state, are expected to rise by up to 25 per cent. The price rises will not affect rice or cooking oil but will apply to meat, fish and vegetables. The price and wage increases, which have been devised so as not to damage the living standards of Chinese city-dwellers, are a result of a profound change in the economic status of the nation's peasants—80 per cent of the population.

Mr. Leonid Brezhnev



Mr. Leonid Brezhnev

trying to expand Soviet power and influence in Western Europe were apparently shelved in favour of trade and closer ties. The Soviet Union began to show a taste for respectability and at least some sensitivity to world opinion. The KGB made an effort to leave non-political people alone and to use as much force as was necessary to suppress dissidents, but no more. In the 15 years of Mr. Brezhnev and Mr. Kosygin's rule, the Soviet Union has become both a more moderate country and one more definitely sealed off from its own past. The moderation that has occurred has been beneficial in many respects. Yet it conforms to a bureaucrat's ideal of stability, rather than representing any attempt to get at underlying truths. In the service of their conservatism, the new rulers put an end to the discussion of the Stalin era, which Khrushchev had only encouraged, thereby assuring that their desire to stabilise the society for practical purposes would not lead to fundamental reforms. In doing so, they have achieved the predictable uniform society they aimed at. But the stability they would like to will to future generations may, at that very moment, have slipped once and for all.

The second, which endured for a number of years, was neo-Stalinist and counted among its supporters at least two Politburo members, Mr. Alexander Shelepin and Mr. Pyotr Shelest. This group wanted a return to Stalin's internal policies and confrontation with the West. It was defeated only with the beginning of détente in the 1970s and the dismissal of Mr. Shelest and Mr. Shelepin shortly after.

The victory went to the supporters of stability and calculated conservatism. Plans for

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UK NEWS

ICL plant closure will be resisted

BY JOHN LLOYD

INTERNATIONAL COMPUTERS (ICL) plans to close its Dukinfield factory in Manchester...

The Association of Scientific, Technical and Managerial Staffs, ICL's largest union, said that the company had broken undertakings on local discussions on manpower planning...

The company yesterday rejected union suggestions that it intends to move out of the manufacture of larger computers...

Two new ICL factories have recently been opened in Manchester and much of the work previously done at Dukinfield has been moved to these...

The company confirmed that the computer services division of its business is more profitable than the hardware side...

workers, of whom approximately 15,000 were manufacturing workers. Last year, overall employment was at roughly the same level...

Over the same period, company turnover has grown from £82m to £500m, while the price of computing power, as is general throughout the industry, has raced downhill.

ICL acknowledges that it has not discussed the closure of the plant with the unions—union officers yesterday talked of the announcement as a "bolt from the blue"...

Mr. Tim Webb, the ASTMS national officer concerned with the computer industry, says that his union accepts the changing employment pattern.

The company faces two problems in the near future: first, anticipating the strategy of IBM and second, the end of the preferential purchasing agreement...

IBM has always cast a long shadow over ICL, yet the company has managed growth of over 20 per cent a year beneath it.

ICL yesterday announced the introduction of word processing facilities on its small business computers. The company claims this development offers a unique combination of word and data processing.

Clore estate frozen

THE \$80M ESTATE of Sir Charles Clore has been frozen in a legal move by his son...

This freezes the estate for six months unless the will's executors issue a warning to the caveat.

Mr. Clore left Britain to live abroad for tax reasons more than 20 years ago. He is a wealthy man, thanks to a trust fund believed to total some £20m...

A Somerset House spokesman said that he was unable to reveal whether any application for probate had been made...

In Jersey, where Sir Charles had considerable assets, another caveat was lodged by local lawyers.

RAY PERMAN ON SINGER'S SCOTS' CLOSURE Changing demands end a reign

THE COLLAPSE and disappearance of Singer's UK manufacturing plant at Clydebank has long been expected...

Singer occupied an important psychological as well as a physical place in the national scene. Established 128 years ago, it was the first U.S. investment in Scotland.

It is ironic that its demise comes in the same week as a promotional tour of American cities by the Scottish Development Agency...

For decades the Clydebank plant was the largest Scottish employer. At its peak just after the war its workforce was 23,000 and it was the company's most important production centre outside the U.S.

Few people in the town were not affected by its activities and the benefits it brought to the British economy were enormous.

Singer's pre-eminence in the work sewing machine market was undisputed in those days...

and the company, confident of its supremacy, failed to see in time the changing pattern of demand and the rapid strides being made by the new industrial nations like Japan and Taiwan.

Even a last-minute, and successful, campaign by the unions to persuade the management to keep on more workers and invest a further £2m failed to lift the spirits of the plant.

This year, as the important U.S. and European markets for domestic machines deteriorated even further, so did productivity at Clydebank.

By June, the position was so serious that orders were being lost because of failure to meet production targets.

The Government is now urgently considering making the town of Clydebank an emergency action area and may try to take on the redundant plant and workers.

In the past eight years more than 6,000 jobs have been lost through factory closures, the latest being the shutting of the Goodyear plant at Drunchapel in circumstances not unlike those at the Singer plant.

The Goodyear factory has remained empty for eight months, a depressing "ghost" building haunting attempts to attract new industries into West Clydeside.

Old industries have disappeared altogether and even the new ones have seen the promise of North Sea oil-related jobs turned sour when John Brown closed its offshore engineering subsidiary and Marathon Shipbuilders admitted that it was looking for a buyer for its Clydebank yard.

JBE Gas Turbines, seen as the one bright light in the gloom, recently had to cut back on employment as overseas orders for its engines fell.

Yet Clydebank is a community with a remarkable will to survive. The tiny district council, hampered by an enormous housing debt and falling rate revenue, has mounted a campaign to revitalise the town.

So far the Government has refused the request, but it is likely that the Singer news will prompt some new moves.

The Scottish Development Agency may be brought in to repeat the job-creating initiatives it is taking in Glasgow's poor East End and at Glenarnock, where the steelworks closed last year.

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Suzuki launches economy saloon

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ANOTHER JAPANESE car is launched in the UK today in spite of the voluntary restrictions on shipments. Suzuki, better known for its motorcycles, is introducing the SC100, a car specially developed for the UK...

Mr. John Turner, managing director of the company set up to market the cars, said yesterday that 500 are in the UK and will be sold by the end of the year.

Negotiations about the quota for 1980 will begin with the Suzuki company in Japan in two weeks. He hopes to be allocated at least 1,000 for next year.

But Mr. Turner does not expect the Japanese industry to relax its voluntary restrictions, which suggests that the extra Suzuki will come in at the expense of major importers like Datsun and Toyota.

The marketing company Suzuki GB (Cars) is owned by Mr. Gerald Ronson's Heron Corporation through its Heron-Suzuki subsidiary, the motorcycle importer.

Heron-Suzuki sells about 40,000 to 50,000 motor cycles a year, giving it a 20 per cent UK market share and a £30m annual turnover.

In March, the car company started operations in the four-wheel market with specialist vehicles—a light van, a pick-up truck and two versions of a four-wheel-drive vehicle.

Suzuki GB (Cars) this year expects to sell 1,500 four-wheel vehicles, including the 500 cars.

In 1980, Mr. Turner hopes to be allocated at least 3,000 vehicles for the 22 dealers he has recruited.

The SC100 is a rear-engined, rear-drive car which will sell for about £2,400 and which, according to Department of Energy statistics, covers 55.5 miles per gallon at a constant 50 mph.

A similar car in Japan uses a two-stroke engine, and 48,000 are sold each year. But the UK version, apart from having a re-styled interior, incorporates a 970 cc four-cylinder four-stroke engine.

Suzuki is Japan's third-largest motorcycle manufacturer. It also has about 34 per cent of the car market, with an output of about 350,000 for 1978.

Banks back Welsh enterprise

By Robin Reeves, Welsh Correspondent

BARCLAYS and Lloyds have joined forces with the Welsh Development Agency, Wales's equivalent of the National Enterprise Board, in a venture to provide loan finance for small businesses in Wales.

The agency will undertake a feasibility study of businesses making loan applications. It considers the project sound, it will guarantee loans from the clearing banks of up to £50,000, charging only a commitment fee, normally of 1 per cent per annum flat.

The arrangement with the two clearing banks is similar to a scheme for businessmen with sound projects but without the necessary security already operating between the agency and National Westminster Bank.

Barclays and Lloyds will provide funds for a term of up to 10 years with a capital repayment holiday of up to two years in appropriate circumstances.

For loans from one to five years, the interest rate is currently 7½ per cent flat, 14.2 per cent true over five years. Loans for six to ten years cost an additional ½ per cent per annum flat. The 10-year true rate on an 8 per cent per annum flat loan is 13.9 per cent.

Alternatively, borrowing may be linked to the base rate, in which case interest is 2 per cent plus base rate (minimum 8 per cent). In either case, the banks charge a 1 per cent arrangement fee.

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Judge told to ignore French oils report

BY JOHN MOORE

A HIGH COURT judge was told yesterday that it would be dangerous to rely on the findings of a survey prepared by French experts who investigated how a shipment of exotic oils from the Far East arrived at Marseilles containing water.

The survey, prepared in 1976, was critical of the drums in which the oils had been shipped from Indonesia. But it dealt with just one consignment. Hundreds of drums were involved and also went to other ports including Genoa, Rotterdam and London.

Mr. Nicholas Legh-Jones, junior counsel for Fuertis Day Lawson, commodity shippers, asked Mr. Justice Mocatta not to treat the French survey as if its findings were based on hard and fast evidence.

Fuertis is suing Orion Insurance as representative of 20 underwriters, after the company refused to meet a claim for that part of the missing cargo which they had insured.

Neither expert could say with precision the moment at which the oil-water switch took place—either than it took place before shipment, he added.

"There is no mention there of any first-hand detailed investigation on the spot in Indonesia," he said.

The case continues on Monday.

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Health Ministry denies fluoride-cancer link

THE DEPARTMENT of Health said yesterday there was no evidence that people who drank fluoridated water stood a greater risk of developing cancer.

Adding fluoride to the water supplies to protect teeth might even reduce cancer mortality, a spokesman said.

"We would like to reassure the public that all research into fluoridation is considered by the Department's independent advisers and they have confirmed the view of the Royal College of Physicians that there is no evidence fluoride causes cancer."

The spokesman said it was true there had been a slight increase in cancer mortality, particularly from leukaemia, in Birmingham, the first British city to add fluoride to the water.

But the Royal College of Physicians' report had made it clear there was an even greater increase in cancer deaths in areas with low levels of fluoride.

Agents other than fluoride must therefore be responsible for causing cancer.

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Institute director defends rates system

THE SYSTEM of raising income through domestic rates was defended yesterday by Mr. Noel Hepworth, the newly-appointed director of the Chartered Institute of Public Finance and Accountancy.

He said that the alternatives for raising cash would be to introduce a local income tax or VAT, or to increase the size of grant aid.

It was unlikely that the Government would be prepared to accept some kind of local tax, and it would not be easy to increase central government grants, he said.

Nobody could be expected to agree on what would be an equitable distribution of grants, said Mr. Hepworth. An arbitrary distribution would mean that the provision of finance would not be responsive to local pressures and needs.

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"We would like to reassure the public that all research into fluoridation is considered by the Department's independent advisers and they have confirmed the view of the Royal College of Physicians that there is no evidence fluoride causes cancer."

The spokesman said it was true there had been a slight increase in cancer mortality, particularly from leukaemia, in Birmingham, the first British city to add fluoride to the water.

Permitted lead levels in food to be halved

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

HALVING OF the permitted lead content in food was announced yesterday by the Ministry of Agriculture. An order laid before Parliament reduces from April 12, 1980, the permitted general limit from two milligrams per kilogram of food to one milligram.

The Ministry said that because of changes in food technology lead content in food was already less than one milligram per kilogram. The new regulations were aimed at bringing up to date regulations laid down in 1961.

The reduction is in line with the recommendations of the 1975 report of the Food Additives and Contaminants Committee which investigated lead content in food.

The regulations announced yesterday lay down specific lead content levels for certain foods. Limits of two milligrams of lead per kilogram of fish—and 10 milligrams per kilogram for shellfish—have been introduced where no limits existed before.

Thatcher's 'double standards'

MR. DENZIL DAVIES, a Shadow Treasury Minister, yesterday accused the Government of operating featherbed capitalism for the few with perks and play toys and boot-strap capitalism for everybody else.

Mr. Davies said in Cardiff that Mrs. Thatcher, by refusing fully to tax the company perks of the higher paid, had again demonstrated the double standards of the Conservative Government.

"Those earning over £10,000 a year received substantial benefits in the Budget," said Mr. Davies. "There is now no good reason why the full value of their Rolls-Royces, their Jaguars, their Rivers and BMWs, and the tax-free petrol which is often provided, should not be taxed to the full."

Mr. Eric Heffer, the Left-wing Labour MP, said in Aberdeen that the Labour Party must unite to prevent the Tories moving Britain back to the "dark ages of the industrial revolution."

Adding fluoride to the water supplies to protect teeth might even reduce cancer mortality, a spokesman said.

"We would like to reassure the public that all research into fluoridation is considered by the Department's independent advisers and they have confirmed the view of the Royal College of Physicians that there is no evidence fluoride causes cancer."

The spokesman said it was true there had been a slight increase in cancer mortality, particularly from leukaemia, in Birmingham, the first British city to add fluoride to the water.

But the Royal College of Physicians' report had made it clear there was an even greater increase in cancer deaths in areas with low levels of fluoride.

Agents other than fluoride must therefore be responsible for causing cancer.

Adding fluoride to the water supplies to protect teeth might even reduce cancer mortality, a spokesman said.

"We would like to reassure the public that all research into fluoridation is considered by the Department's independent advisers and they have confirmed the view of the Royal College of Physicians that there is no evidence fluoride causes cancer."

The spokesman said it was true there had been a slight increase in cancer mortality, particularly from leukaemia, in Birmingham, the first British city to add fluoride to the water.

Redcar complex will produce cheapest iron in Europe

BY ROY HODSON

THE British Steel Corporation blast furnace complex at Redcar, Teesside, which started production yesterday, will make the cheapest iron in Europe.

The £400m investment, which includes the furnace, an iron terminal, and iron preparation plant and coke ovens, enables British Steel to make iron at rates comparable with the world's most competitive iron producers, the Japanese.

British Steel workers were sent on training courses on Japanese furnaces before the commissioning of the Redcar furnace and its ancillary equipment.

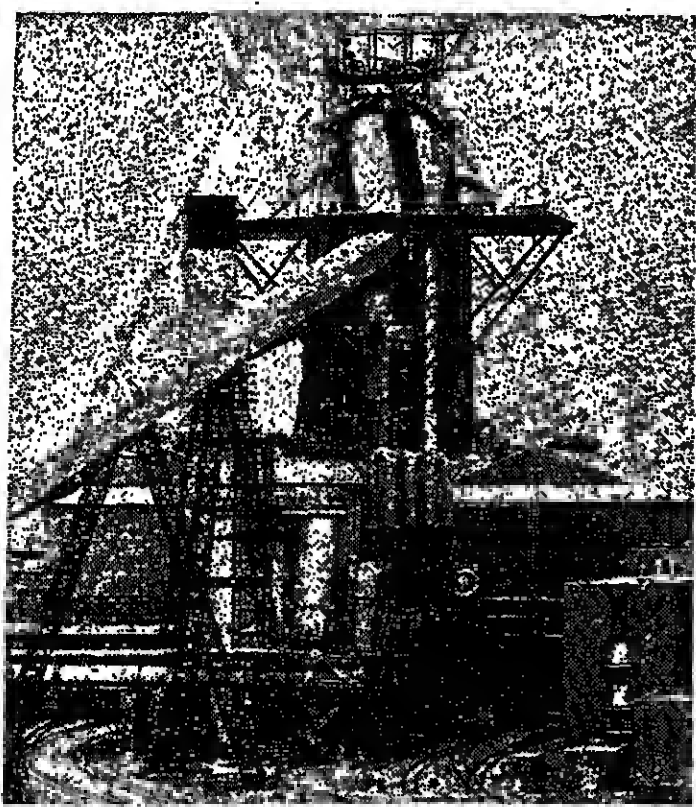
The furnace will make 10,000 tonnes of iron a day with the same manning levels as furnaces of less than half its capacity.

Cheap iron from Redcar will enable the corporation to be more competitive in its Teesside steelmaking for heavy steel products. Teesside steel, based on the new Redcar iron, is to be made available to the Corby steelworks, Northamptonshire where British Steel plans to end steelmaking within the next 12 months.

The Redcar project is the biggest single investment programme. It will play a vital part in reducing the corporation's production costs. Cheap iron from Redcar, linked to modern basic oxygen furnaces, is expected to enable British Steel to be one of the most competitive bulk steel producers in Europe in the 1980s.

The new furnace is five times bigger than the existing Teesside blast furnaces at Cleveland, which each produce 2,000 tonnes a day. As the output of the Redcar furnaces builds up ironmaking will be phased out from the old furnaces at Clay Lane, Teesside. However, they will be kept on standby as alternative ironmaking capacity for the Teesside steelmaking complex.

The Teesside division of British Steel is one of the corporation's main production divisions and employs nearly 15 per cent of its workforce. The cheap iron produced by the new furnace will enable it to become one of the most productive British Steel units for products for a wide variety of industries including construction, engineering and railways, plate for shipbuilding, and engineering and pipemaking.



The new Redcar blast furnace

Call to cut house conveyancing costs

SOLICITORS SHOULD simplify the house conveyancing process to keep costs down, the Law Society was told yesterday by Sir Henry Benson, the accountant who led the Royal Commission on Legal Services. In its report the commission said conveyancing work should remain with solicitors.

Many solicitors' offices which the commission had visited had reorganised and modernised, with the use of computers. Sir Henry told the Law Society's annual conference in Jersey.

Of the commission's majority decision on conveyancing, Sir Henry said it was in the public interest that trained people with integrity should do the work. "We did not accept that anyone could do the job," he said.

There was also a fundamental principle involved that the whole object of a profession was to ensure that people with the appropriate skills were available to the public.

Most of those who advocated making conveyancing a free-for-all destroyed their own arguments by proposing that the laymen who were to be allowed to do conveyancing should be given training. This merely created a second-grade lawyer.

Sir Henry said there were 6,500 firms of solicitors ready to do conveyancing, so it was misleading to speak of a monopoly, particularly if, as the commission proposed, there was greater freedom for solicitors to advertise and the public were able to shop around.

There was also a fundamental principle involved that the whole object of a profession was to ensure that people with the appropriate skills were available to the public.

BL car prices increased

BL has announced price increases averaging 5 per cent on Jaguar, Triumph and MG cars. Austin Morris prices will rise by an average 3.8 per cent from Monday.

Examples of the increases include: Morris Marina 1300, two-door, up from £3,183 to £3,322; Princess 1700 L up from £4,283 to £4,419; Triumph Dolomite 1300 up from £3,485 to £3,622; Jaguar XJ 3.4 up from £12,509 to £13,259.

Examples of the increases include: Morris Marina 1300, two-door, up from £3,183 to £3,322; Princess 1700 L up from £4,283 to £4,419; Triumph Dolomite 1300 up from £3,485 to £3,622; Jaguar XJ 3.4 up from £12,509 to £13,259.

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UK NEWS

Laker plans low-fare network for Europe

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

LAKER AIRWAYS wants to start a major network of low-fare Skytrain-type flights directly between Continental cities...

Laker spokesman said that "we expect and hope that the Civil Aviation Authority will license everybody."

Violent criminals must get no mercy, says Lord Hailsham

THE Lord Chancellor told magistrates yesterday that "out of the bowels of mercy" in certain cases of violent crime...

Michael Pocock dies at 59

MICHAEL POCOCC, chairman of Shell Petroleum and Trading, died suddenly at his home in the early hours of yesterday morning...

BOC workers reject offer

MANUAL workers at BOC's gases division have overwhelmingly rejected the company's pay offer which management estimates is worth 12.5 per cent over an eight month period...

British Airways to cut some first-class lounges

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS is to scrap the first-class upper deck lounges on ten of its fleet of 26 Boeing 747 jumbo jets...

Call for more self-catering tourist hotels

LONDON HOTELS should switch to more self-catering facilities in an effort to cut prices and win back lost tourists...

More overseas work for consulting engineers

THE VALUE of overseas projects for which British consulting engineers were responsible rose last year to \$36bn...



Mr. Michael Pocock

Storm warning as BL shop stewards gather

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL SHOP stewards meet in Birmingham today to decide whether to resist company plans to close plants and shed more than 25,000 jobs...

More foreign precious metals hallmarked

By James McDonald

ALMOST a quarter of the gold, silver and platinum articles hallmarked in the third quarter of 1979 has come from abroad...

NEWS ANALYSIS—ORION BANK RESIGNATION

What future for consortiums?

BY MICHAEL LAFERTY, BANKING CORRESPONDENT

MR. DAVID MONTAGU'S resignation as chairman and chief executive of Orion Bank has added a new twist to the long-running debate about the future of London-based consortium banks...

whole affair, believe the NatWest management just could not be bothered with the prospect that would result...

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Advertisement for Multi-Ownership & Hotels Limited, featuring descriptions of properties in Scotland and Wales, including Loch Rannoch and Plas Talgarth Estate.

Form for Multi-Ownership & Hotels Limited, including fields for Name, Address, and contact information.

Upheaval

About 18 months ago David Montagu began a debate with shareholders about Orion's future as a consortium-owned bank...

In Venezuela

Mr. Pocock joined Shell in 1946 and was sent out to Venezuela, where he became senior industrial relations supervisor...

Wisdom

Mr. Pocock, who leaves a widow, Nina, and three grown-up children, was awarded the CBE in 1967.

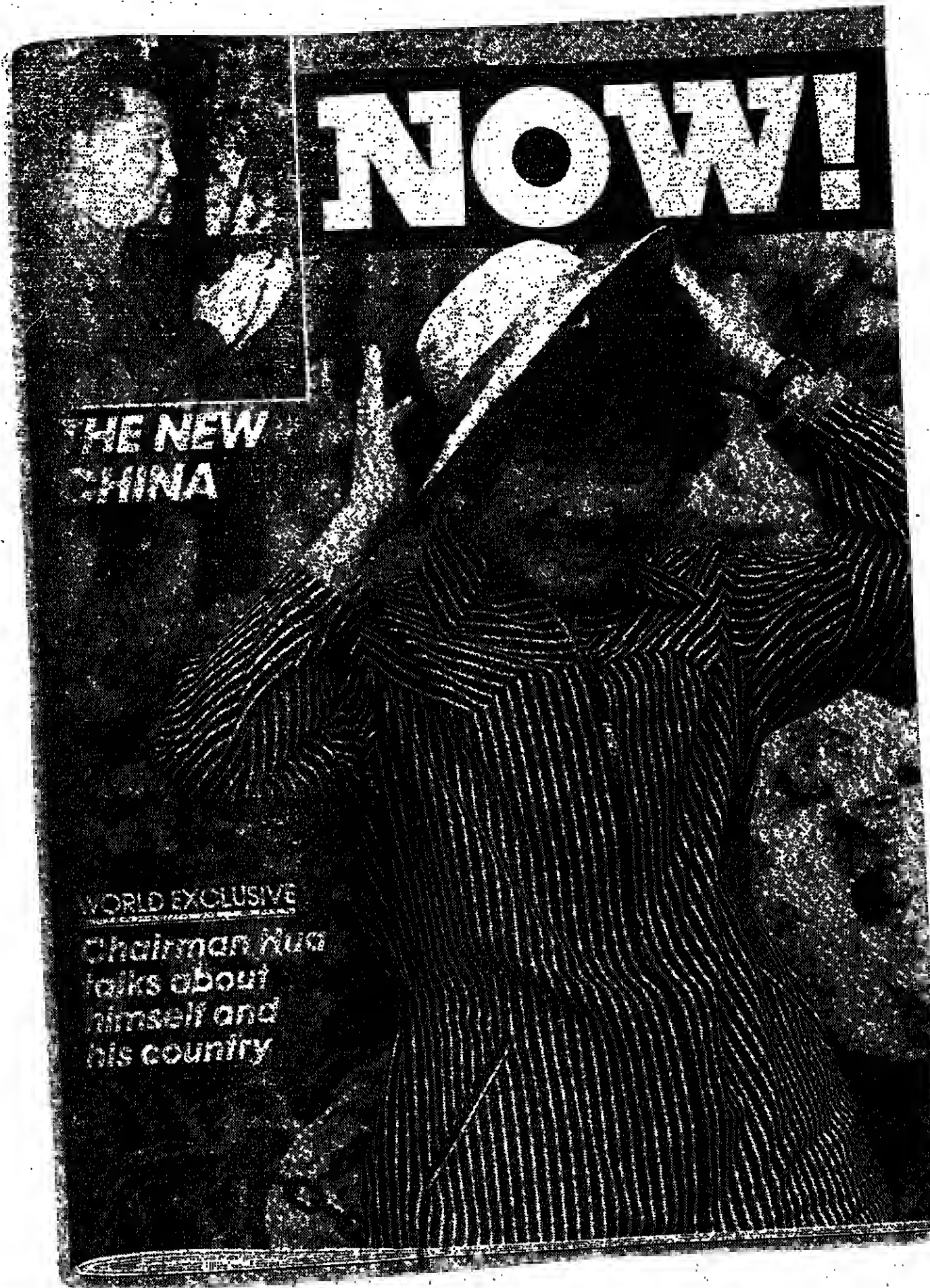
Teachers will denounce evaluation as 'a fraud'

THE SECOND biggest teachers' union yesterday threatened to denounce as a fraud the job evaluation teaching exercise...

Heathrow strike off

A THREATENED 24-hour strike at London Heathrow airport on Monday, was called off yesterday after British Airways staff were promised more money.





**WORLD EXCLUSIVE INTERVIEW**

# The thoughts of Chairman Hua.

**China's "unknown" leader speaks about himself and his country. A NOW! picture special.**

**Brezhnev's nuclear bluff.**  
**NOW! reveals how vulnerable Soviet "peace" moves would make the West.**

**The Great Balloon escape.**  
**The story of the most daring break for freedom since the Wooden Horse.**

**The Yorkshire Ripper.**  
**New information which is helping the biggest police hunt in history.**

**Ian Smith's last stand.**  
**A revealing portrait of the man at the centre of the Rhodesia crisis.**

**Storm over a Spycatcher.**  
**Is "M" really the right man to beat the terrorists?**

**The Suzuki Offensive**  
**The anatomy of a Japanese style car launch.**

Patrick Huter writes about the Wall Street crash of '29, fifty years afterwards.

"The man who is buying Rotherham United! A sports special by Alan Hubbard.

Frank Johnson at the Tory Party Conference.

Anthony Shrimmsley assesses the real challenge facing Margaret Thatcher.

Paul Johnson reviews the new biography of Prince Charles.

The Word before the Word - an archaeological text that predates the writing of Genesis.

Kathryn Samuel previews the Paris Fashions.

London's newest traditional theatre - the Lyric comes back to life.

Richard Baker's verdict on the new production of "Therese."

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UK NEWS—CONSERVATIVE PARTY CONFERENCE

# Thatcher propounds harsh economic facts of life

BY JOHN HUNT AND IVOR OWEN

TRADE UNION power is out of balance and the Government must protect people against coercion by the unions. Mrs. Margaret Thatcher, told cheering delegates to her speech winding up the conference. There was particularly loud applause when she declared: "Millions of people go in fear of union power."

At the same time she concluded her speech by holding out an olive branch with the promise that however often the Government was rebuffed, it would continue to listen to the views of the unions.

"Let us do all in our power to see one another's point of view and to widen the common ground on which we stand," she said.

But it had to be understood that in the last resort national policy was the sole responsibility of the Government and Parliament.

The Government was determined not to print money to finance excessive pay settlements.

She went on, however, to address union members over the heads of their leaders.

She asked all those who were called in the next few months to take disruptive action to recognise that they were faced with a decision of conscience.

The consequences of these decisions would be felt by themselves, their children and fellow countrymen.

"Our supreme loyalty is to our country and the things for which it stands. Let us work together in hope and above all in friendship.

"What madness it is, that winter after winter we have the great sea-piece battles, in which the powerful unions do so much damage to the industries on



which their members' living depends."

The struggles for wage increases disregarded output, profit or any other measure of success. They ignored the reality that there was an inescapable link between prosperity and production.

Since the start of the year, scarcely a week had passed without some group calling for higher pay.

Firmly, the Prime Minister went on: "Listening to the chorus of pay demands you might imagine that a 100 per cent pay rise for everyone in the country would solve all our economic problems. But we all know that the only result would mean doubled prices."

The key to prosperity lay not in higher pay but in higher output.

The reason Britain was the third poorest nation in the EEC had little to do with pay but everything to do with production. One could not have a West German standard of living with British standards of output.

West German pay plus British output equalled inflation—and that was exactly what had been happening.

Mrs. Thatcher declared: "The unions win pay awards their members haven't earned. The company pays out increases it cannot afford. The prices to the customer go up. Government prints the money to make it all possible."

The result of this for Britain had been the most uncompetitive industry, the lowest economic growth rate and the highest rate of inflation in the industrialised world.

"This Government wants the greatest possible co-operation with both sides of industry and we will go a long way to get it.

But we will not repeat out-print money to finance excessive pay settlements."

The Prime Minister also resorted to firm language when she turned to the subject of trade union reform. Changes had to be made because the present state of labour relations was out of keeping with the needs of the time.

"When the trade union movement began, it set out to secure for its members a fair return for their work. Today, the conflict of interests is not so much between unions and employers as between unions and the nation, of which trade unionists and their families form a large part."

"It is the British people who have to bear the brunt of the suffering which strikes impose on society."

"We have to bring about a fair and just balance between a man's right to withhold his labour and a small minority's determination to impose its will upon the majority."

"As a Government, we cannot and will not coerce people but we can and must protect people against coercion."

"That was why the Government was introducing before the year was out legislation on secret ballots, secondary picketing and the closed shop. "Let

there be no doubt about that."

According to Mrs. Thatcher, the majority of the union rank and file welcomed the proposals. She hoped that union leaders would accept them too.

She emphasised that widespread strikes of the sort we had seen hit the families of everyone else. There were immense losses of production and the people who benefited were our foreign competitors.

"I think the nation recognises—indeed has recognised for a long time—that trade union power is out of balance."

"We believe that the great power wielded by unions calls for greater accountability to their members."

"That was why special emphasis was being placed on the secret ballot. But the Government was also particularly concerned about the closed shop which, together with secondary picketing, made it possible for small groups to close down whole industries with which they had no connection."

"Cross the picket line to do your job and you risk losing both your union card and your job," she declared. "Millions of British workers go in fear of union power."

The industrial countries that outproduced and outsold Britain were precisely those countries with better social services and better pensions than those available to the British people.

"It is because they have strong wealth-creating industries that they have better benefits than we have."

"What our people seem to have lost is belief in the balance between production and welfare. This is the balance that we've got to find. To persuade our people that it is possible through their own efforts not only to halt our national decline but to reverse it requires new thinking, tenacity and a willingness to look at things in a completely different way."

In reviewing the Conservative election victory, Mrs. Thatcher admitted that some of those who had voted for the party did so more in hope than belief, with their fingers tightly crossed.

She understood their caution, because so much had been promised in the past and so much had come to nothing.

Scepticism and impatience were understandable. "Already I can hear some of them saying 'The Conservatives have been in five months. Things don't seem to be much better. Do you think the Conservatives can really do it?'"

Amid a roar of approval, Mrs. Thatcher declared: "We say to them 'Yes, the Conservatives can do it. And we will do it. But it will take time."

The four economic issues which were central to the Conservative election campaign were inflation, public spending, income tax and industrial relations. These were not separate and distinct issues but were all closely related. "You can't cut tax unless you curb public spending. For it is your tax which pays for public spending. The Government has no money of its own."

Mrs. Thatcher added that if Labour's lavish spending solved all problems there would now be none left to solve.

She quoted a letter she had received from a small businessman: "Please stick to your policy. It is the only way that we shall eventually solve our problems."

Mrs. Thatcher commented: "This is exactly the kind of man whom our Government seeks to encourage. It is small businessmen like this who, given the chance, will provide more jobs and more wealth."

The industrial countries that outproduced and outsold Britain were precisely those countries with better social services and better pensions than those available to the British people.

"But equally we must not underestimate our opportunities as members of the community. The future of western Europe is our future too."

She saw the three most important objectives of the Community as being international peace and justice, economic prosperity and freedom under the law.

Dealing with the important defence issues needing to be resolved, she said that Britain and her NATO allies would soon have to decide whether to modernise their existing nuclear weapons.

"These will be difficult decisions for some of our allies, and we must expect to see the Soviet Union mount a powerful psychological campaign to prevent the alliance from redressing the balance."

Mrs. Thatcher promised that the Government would be looking very closely at President Brezhnev's recent speech offering troop reductions to see whether it was the opening shot in that campaign or whether it was a genuine attempt to reduce tension in Europe.

She pledged that Britain's conventional forces would not be neglected. The improvements in forces-pay introduced by the Government on taking office had remedied a grave situation. Service pay was now at its proper level and would be kept there.

In paying tribute to the work of the security forces in Northern Ireland, the PM declared that the goal was the same peace for which the Pope had appealed during his visit to Ireland.

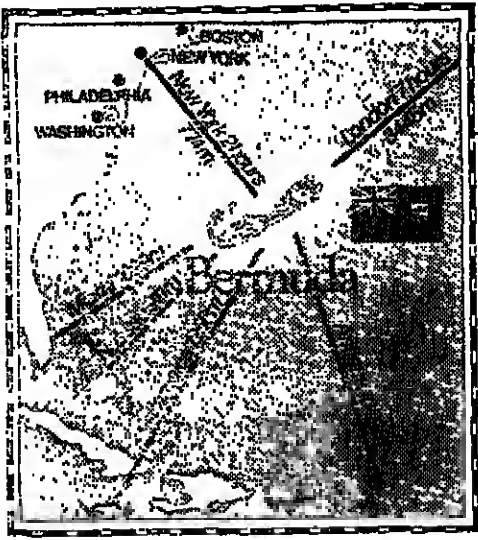
"To all the people of the province of Ulster, I repeat this pledge: We do not forget you, we will not abandon you."

"We must and we will find a way of restoring to you more control over your own affairs. We must and we will find a way to peace for your deeply troubled part of our United Kingdom."

Mrs. Thatcher firmly maintained that Britain was capable of achieving an improved economic performance.

She denied that the country had to choose between a capitalist wealth-creating society on the one hand and a caring compassionate society on the other.

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## Tories succumb to Showboat mood

BY ELINOR GOODMAN

After four days on a fairly stolid diet of realism and responsibility, Tory representatives were determined to let go yesterday.

Hours before Mrs. Thatcher was due to appear, a queue wound its way around the amusement arcade. Some delegates even sat through the morning's debate on Europe to be sure of a seat in the afternoon.

West Midlands Young Conservatives sold so many 75p white polystyrene "victory hoisters" that they will never have to give a jumble sale again.

Respectable Tory ladies, who now know far better than to wear ordinary hats at conference, donned the hoisters with the enthusiasm of entrants in a Glamorous Granny competition at Beddins.

Even Ministers were obviously keyed up. Behind stage, they combed their hair nervously and talked naively among themselves.

Not all of them looked comfortable with the Showboat atmosphere. John Biffen, who led the team of Ministers on to the stage, looked as if he wanted to walk straight off the other side. But others clearly enjoyed entering the spirit of the occasion. By the time the organ went into "Hello Maggie" the representatives were wound up to a pitch of anticipation.

But if they thought they might have been allowed to hark in the glory of their victory for even one brief moment, they were mistaken. Mrs. Thatcher was at her

most Prime Ministerial, wry above the knock about stuff of party politics. After one of those rare smiles of total satisfaction, she wasted the minimum of time reviewing the election result and went straight into the hard stuff with an economic lecture.

The theme must have been all too familiar to those in her Cabinet who are reported to have resisted specific spending cuts. Yesterday, however, they presented an irreproachably united front, applauding gleefully when Mrs. Thatcher looked severe and optimistic when she held out her vision of a Tory future.

As for the audience, the tougher the message, the more they seemed to like it. In view of the sombre message, the slogan "Full steam ahead with Maggie" seemed a touch too frivolous.

It was just about possible to imagine Mrs. Thatcher responding to the name "Maggie" when she was cuddling calves during the election campaign. It is almost impossible to conceive of anyone calling her that now she is Prime Minister.

Even so, the audience exploded into a roar of ecstasy at the end.

It was not until Sir Keith Joseph firmly sat down in his chair that the audience allowed her to leave.

She did not, however, go further than the next room where all those who had failed to get into the conference hall gave her a repeat ovation.

## Attack on 'crazy' European surpluses

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE COMMON Agricultural Policy and Britain's large contribution to the Community Budget came under attack yesterday from Mr. James Scott-Hopkins, leader of the European Democratic Group (Conservatives) in the European Parliament.

The case for the reform of the CAP was beginning to be heard loud and strong, he said.

"It is absolutely crazy to waste energy and millions of pounds in storing surplus food while millions starve elsewhere.

A dangerous side effect of the emphasis on agricultural spending in the Community was that national contributions to the Budget were now completely

out of balance.

"Our contribution to the Budget is completely out of step. Something has to be done. It is going to grow and grow unless something is done quickly."

But, he emphasised, unlike the Labour Party, the Conservatives "believe that Britain's influence is being exercised through co-operation with our partners in Europe."

Mr. Scott-Hopkins also stressed the important role of the Community in underpinning NATO to stand up to the Soviet threat.

M. Michel Poniatowski, President of the French Republican Party and President Giscard d'Estaing's personal representative, also spoke.

He warned of the dangers ahead as the result of the radical change in the political, economic and military balance of world power. The American economy was no longer a dominant factor in stabilising the world economy. The global political balance born of the last war was now broken and the military balance would be broken soon.

The industrialisation of the Third World countries would continue irresistibly. Japanese competition would continue to sharpen and would be reinforced by that of the "little Jspans"—Korea, Singapore, Hong Kong and Taiwan.

The conjunction of the immense Chinese resources in energy and raw materials with Japanese productivity and finance would mean an economic upheaval by the end of the century.

A world monetary crisis seemed inevitable because no one national currency was able to support simultaneously all the financial settlements throughout the world.

What was needed was a coherent European approach to all these major questions. Europe must also find a natural industrial, commercial and financial complement in the Arab countries with their energy resources and the African countries with their raw materials.

## Summit 'must settle burden of EEC Budget'

BY IVOR OWEN

FIRM DECISIONS must be taken at next month's EEC summit in Dublin on a basis for reducing Britain's contribution to the Community budget, Sir Ian Gilmore, the Lord Privy Seal and Chief Foreign Affairs spokesman in the Commons, insisted yesterday.

He told conference that the Government's expectation of progress towards relieving the unfair and disproportionate burden now borne by British taxpayers was based on assurances obtained by the Prime Minister at the last EEC summit at Strasbourg in July.

Mrs. Thatcher had won agreement then that decisions would be taken at the Dublin summit. Sir Ian said he was sure that in

**JANNEAU ARMAGNAC IS AN ORDINARY FRENCH BRANDY AS THE GUILLOTINE IS AN ORDINARY FRENCH PAIN KILLER**

Janneau Grand Armagnac Ordinaire it is not

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Half-Yearly Statement

The unaudited accounts of the Company as at 30th June, 1979 show the following results:

	1979	1978
Gross Revenue of the Company	146,113	109,011
Less: Management and other expenses absorbed	19,960	16,479
	126,153	92,532
Dealing profit of subsidiary company	61,271	3,726
	187,424	96,258
Less: Provision for Jersey taxation	37,485	19,252
Net Revenue, after tax, for the period	£149,939	£77,006

The consolidated net assets of the Company attributable to the capital shareholders, including investments at market value on 30th June, 1979, amounted to £5,242,700 (1978 — £3,975,383), equivalent to 262.135p (1978 — 198.769p) adjusted from the capitalisation issue per £1 capital share.

On 22nd May, 1979, shareholders at the Annual General Meeting unanimously approved the capitalisation of £1,500,000 of the Company's capital reserve and the issue of 1,500,000 fully paid capital shares of £1 each to persons registered as holders of capital shares at the close of business on 27th April 1979, in the proportion of three new capital shares for every capital share then held.

Market values of foreign currency securities include the full investment currency premium on those stocks which are premium currency.

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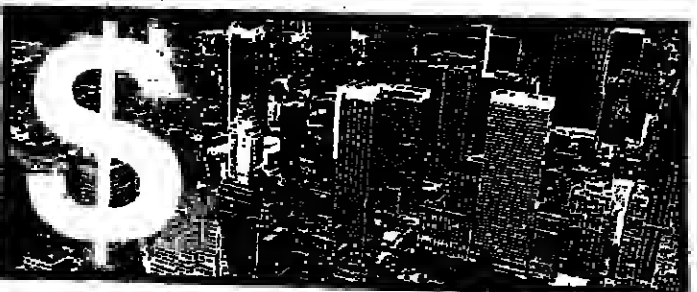
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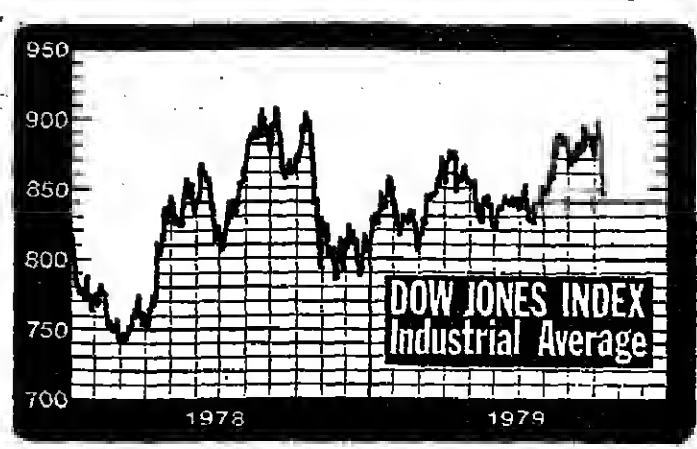
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The Federal Reserve took action last Saturday to control inflation in the U.S. Here, Financial Times writers look at the repercussions here and round the world.



Ripples from the Wall Street storm

SHOCK WAVES from the Federal Reserve Board's credit package last week-end were still reverberating through Wall Street yesterday. Brokerage houses will be putting in extra time today clearing up the huge backlog of paperwork.

So, in spite of the big price losses and high turnover, it was not a rout. And it was certainly not even remotely comparable to 1929. To match "Black Tuesday's" 30.47 drop in the Dow today's higher valued market would have to fall over 100 points in one day.

steers along the new path it has set for itself. In the space of only one week, key Treasury and corporate issues lost as many as five whole points. Spreads between high and low grade quality issues also widened as the less creditworthy were squeezed downmarket.

be sold on Tuesday, has become a little oppressive. It will be quite a test for the market's stamina. It is not hard to argue that the sharp rise in U.S. interest rates has dampened the appetite of the U.S. investor for this yieldless investment.

The Fed's measures

- 1. A one per cent increase in the discount rate from 11 per cent to 12 per cent.
2. Establishment of an eight per cent marginal reserve requirement on increases in "managed liabilities" - liabilities that have been actively used to finance rapid expansion in bank credit.
3. A change in the method used to conduct monetary policy to support the objective of containing growth in the monetary aggregates over the remainder of this year.

A complacent head sits on broad shoulders

IN LONDON, it was a tough week to be a chartist. On Monday, the FT 30-Share Index closed at 486.8 - its highest point since just after the June Budget, and the All-Share Index appeared to have broken decisively up from its prolonged sideways trend.

expect some kind of credit rationing instead. Significantly, Citibank, New York's largest bank which sets its prime rate according to a formula based on the cost of CD's, forwent an opportunity to jack its prime up to 15 per cent yesterday.

Long issues are down as sharply as short and medium term because short rates are now so high that credit demand is expected to spill over into the long term market. Unlike stocks, the bond markets failed to rally over the week, a sign, analysts said, of the atmosphere of gloom and uncertainty which has now settled over Wall Street.

Share prices on Thursday suffered their worst setback for nearly two years. But yesterday brought a rally, and at the end of the week the market was just three per cent of its year's high point. In the circumstances, that was an impressive performance.

MARKET HIGHLIGHTS OF THE WEEK

Table with columns: Price, Change on Week, High, Low, 1979. Rows include Indust. Ord. Index, Govt. Sec. Index, Barr & WAT A, Broken Hill South, Campbell & Huberwood, Charter Cons., etc.

LONDON ONLOOKER

These days. Some time over the next year, the argument goes, interest rates are going to fall, and when that happens share prices are bound to rally.

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But now that the Fed has done as much as the most ardent monetarist might have hoped, things are not so simple. Still, with sterling underpinned by North Sea oil, there is no pressing need for British interest rates to rise for national reasons unless the U.S. recession deepens, interest rates in New York begin to fall steeply, and international funds flood back into the dollar to take advantage of a hull market in dollar bonds.

UNIT TRUST AND INSURANCE OFFERS. M & G Group, Gartmore Fund Managers Limited, Lloyd's Life Assurance Limited, Framlington Unit Management Limited, Trident Life Assurance Co. Limited, Liberty Life Assurance Co. Limited, Tyndall Assurance Limited, Gresham Life.

mission restrictions. But it hopes that any slowing in the growth of the footwear division will be made up by recovery elsewhere. Debenhams has pushed trading profit well ahead, thanks partly to its practice of taking the surge of credit business done in the June spending boom straight into profits.

rather better. J. W. Spear managed to maintain first half profits to June while Berwick Timpo, just out of its tug-of-war games with former chief executive Mr. Torquill Norman, increased its interim profits by 12 per cent.

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FINANCE AND THE FAMILY

Excluding the Rent Act

BY OUR LEGAL STAFF

It has been suggested to me that a flat with a regulated rent left to me by my mother could be put outside the Rent Acts if I let it to a tenant who was prepared to form himself into a limited company. Do you agree?

While the course which has been suggested to you can be adopted without any breach of the law, we think that it will be ineffectual, as the Courts might look behind the facade of the company if it is only a cloak for the occupation by its director: *Jones v Lipman* (1962) 1 WLR 832, and in any event the rent is regulated. A better course is to have a licence expressed to exclude the Rent Act modelled on that upheld as a licence by the Court of Appeal in *Somma v Hazelhurst* (1978) 1 WLR 1014.

resident in the UK (but domiciled in the Isle of Man, probably). It would be wise to seek guidance on your potential UK tax position: the solicitor who will be acting for you in the purchase of the holiday home could doubtless help you on tax questions as well. On the bare facts given, we can only say that the worst position would be that the bill would amount to the same figure as you would pay in the UK if you were fully resident and domiciled here (and here only). With professional guidance and advance planning, the position can probably be substantially ameliorated.

Rating revaluation

An FT news item on June 23 announcing the cancellation of the rating revaluation, said that it meant "that those who have improved their houses in the last five years will not have to pay higher rates as a result." However, the reply in "Finance and the Family" on July 28, entitled "Central heating and rates," distinguished between central heating and improvements in general and suggested that the postponement of revaluation does not apply to improvements in general. As we extended our house by addition of two rooms last year, and have recently been

inspected by the local valuation officers, could you say whether we shall be liable to pay higher rates in the near future? The announcement related to the Government's abandonment of the general revaluation which was due to take place, and which would have involved a reassessment of all properties. However, it is always open to the valuation officer to propose that any individual property be reassessed, and he would normally do so where material improvements have been carried out. But provision was made in Section 21 of the Local Government Act 1974 that a proposal to alter the list (re-rate the property) was not to be entertained if made before the next general revaluation and it was made on the sole ground that central heating had been installed. Hence a special position obtains, in the case of central heating only, until the next revaluation. It seems that your property can legitimately be re-valued.

of the Town and Country Planning Act, 1971, specified five operations any of which will constitute beginning the development. They are: (a) any work of construction in the course of erection of a building; (b) digging a trench for foundations; (c) laying an underground main or pipe; (d) any operation in the course of laying out or constructing a road; (e) a change of use of the land which constitutes "material development."

Resignation of trustees

A settlor, domiciled and resident abroad, formed some 20 years ago a discretionary settlement with non-resident funds, in the UK, income to be distributed annually. All the beneficiaries are resident and domiciled in the UK. The trustees are professional trustees, and the Trust is considered by the Inland Revenue non-resident. The beneficiaries have suggested to the trustees that they resign in favour of a foreign residing trustee (the power to appoint exists). The professional trustees have expressed willingness to resign, but only in favour of two UK private trustees, because of the location of the investments and of the beneficiaries. What disadvantage could arise by replacing the professional trustees with two private trustees? Would there be anything to

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

prevent the two private trustees from resigning in due course and being replaced subsequently by the foreign trustee? Can the person with the power to appoint new trustees impose his views in this matter on the professional trustees? 1—There is no disadvantage other than that inherent in the mortality of individual trustees. 2—No; but the trustees might conceive it to be their duty not to do so, just as the corporate trustee has done. 3—No. If the power of appointing trustees does not include an express power to remove trustees the appointer can only act when the existing trustees choose to resign, and they may do so only upon the condition as to new trustees which they have indicated.

Covenant not binding

In 1978 I purchased a house, as to which the deeds contained a covenant by me with the vendor company concerning the trimming and felling of trees. The vendor company I am told has been liquidated and I cannot find any trace of it in the register. Does this mean I am free to do as I like with the trees? As the covenant appears to be a personal one with the vendor company you need not observe it if the company has ceased to exist. If the company is no longer on the Register of Companies you should not be bound to observe the covenant.

subsection 1 of section 32, tends to confirm our view, so does subsection 5 of section 128, bearing in mind section 150(1). The buyer's premium (where this is charged) does not form part of the consideration, either for the purposes of section 128 or for the purposes of section 25(7) of the Management Act. The expression "recipient" in section 35(7) does not necessarily mean the seller, but surely means the person who receives the consideration; in a sale by auction, the immediate recipient of the consideration would presumably be the auctioneer, generally speaking. There is a parallel with section 13 of the Management Act which covers a person in receipt of any money belonging to another person, etc.

Covering yourself for those legal battles

INSURANCE JOHN PHILIP

FOR the ordinary citizen, for the small businessman the cost of getting legal advice, the cost of taking disputes to the court, often means that suitable redress is not obtained for wrongs that have been suffered. There is no point in this country having one of the finest systems of law in the world if access to that system is almost beyond the financial reach of many people to be gained only at considerable personal impoverishment. Of course the avowed purpose of this country's legal aid scheme is to ensure that those who need to go to the law have taxpayers' money provided if their own resources are insufficient.

But inflation has made and continues to make inroads into the financial criteria that are applied so that, daily, fewer and fewer people can claim the help of public money. Ten days ago after three years' labour, and at a cost of roughly £1.25m, the report of the Royal Commission on Legal Services was published. The report is weighty—two substantial volumes, each of two parts—and expensive, at £23. But there is a 23 page summary available for £1 while the main recommendations have been detailed in national Press and professional periodicals. Among the many problems the Royal Commission had to consider was the continuing reduction in the availability of legal aid, and not surprisingly the report makes a series of recommendations designed to bring many more people into the eligibility net, and to keep them there by regular revision of financial criteria. The implementation of the recommendations should make civil legal aid available to around 50 per cent of the population, the percentage envisaged 30 years ago when the scheme was introduced.

But curiously the Royal Commission has not attempted any costing of its proposals, and even more curiously has not considered what might be done should government—as seems likely—decide not to make taxpayers' money available: the Royal Commission ignores the economic and political realities of the cut back in public expenditure, even though its report went to the printers in the summer after the election and after the new Government's financial plans had been outlined. The Royal Commission also virtually ignores the availability

to cover most personal legal disputes. The two parts of the policy, one covering motoring occurrences, the other non-motoring (but not matrimonial disputes or divorce). Each cost £15 a year in premium, a total of £30 in all. The motorist has the ability to pursue his uninsured loss claims—loss of hire, excess—as well as those for bodily injury. The householder can dispute with his landlord, claim against shop or manufacturer for the repair or replacement of defective goods and the employee can argue with his employer over his terms of service or even about his wrongful dismissal. On the commercial front, DAS offers four policies covering legal expenses for disputes arising out of the use of motor vehicles and one multiple section non-motor policy providing the employer with protection against a whole range of business disputes, including claims for unfair and wrongful dismissal—here the financial limit is £25,000.

Premium for these policies depends on the size of the firm's operation and the cover bought and so on, but the non-motor premium for these policies depends on the size of the firm's operation, the cover bought and so on, but the non-motor commercial policy starts at £30 premium—and for an extra £15 can include cover for the payment of dismissal compensation. Also on offer are policies for homeowners to deal with disputes over non-payment of rent, removal of tenants, even of squatters, and policies for employees and for motor vehicle drivers. The range of covers is ever increasing, and policies can be tailored to meet specific needs of the individual, group or firm. At the moment apart from these DAS policies, legal expenses cover is provided only by two other insurers—brokers Strover and Co. sell a range of covers backed by Lloyds Underwriters, while Economic Insurance is now offering cover as an optional extra to holders of its traditional domestic and commercial contracts. But there is no reason to suppose that other insurers will not start selling legal expenses cover if there is sufficient demand. Demand is of the essence: the question is whether legal expenses insurance is something the vast majority of us can continue to do without.

Isle of Man residence

I am now retired and resident and domiciled in the Isle of Man. I propose buying a holiday home for myself and family in Cumbria and will visit it for 2/3 weeks each year. If I do this will I be liable for any UK income tax and if so to what extent? Subject to the proposed revision of the IOM/UK double taxation arrangements, you would become assessable to UK income tax and capital gains tax as a person resident and ordinarily

Single premium bonds

How is the Top Slicing Relief calculated when 2 single premium bonds, each in force for a different number of years, are surrendered in the same tax year? In round figures my taxable income, inclusive of £1,000 investment income, is £9,000. One Bond held for 7 complete years was surrendered at a gain of £8,300 and the other

held for 4 complete years at a gain of £1,600. How much tax is payable on the Bond gains? On the assumption that (a) you are talking about 1978-79; (b) you were born after April 5, 1914; and (c) by "taxable income" you mean your total income after deducting personal reliefs; the tax due on the bond gains is about £1,420, as follows:

6,300 + 7 =	900	
1,600 + 4 =	400	
£7,900 +	£1,300 =	6,077
700 x 6.077 @ 12%		= 510.48
300 x 6.077 @ (12 + 10)%		= 401.06
250 x 6.077 @ (17 + 10)%		= 410.13
50 x 6.077 @ (17 + 15)%		= 97.28

There is a provision in the TMA 1970 that appears to me to be in keeping with a practice that looked at the proceeds of sale. It is section 25(7), and there you will see that the

Picture for sale at auction

Under "Picture for sale at auction" (August 24) you comment that the £2,000 for the chattel exemption is to be ascertained before deduction of costs of sale, and I would agree, looking narrowly at the meaning of "consideration," that the words "amount or value of the consideration" in section 128 CGTA 1979 are more apt to the sale price than they are to the proceeds of sale. However, my information is that the Revenue admit of matters being dealt with on the basis that proceeds of sale is meant.

obligation of auctioneers, and others, to disclose relates to tangible movable property "disposed of for a consideration the amount or value of which, in the hands of the recipient, exceeds £2,000. That seems to mean the amount the auctioneer hands over, net of the deduction he makes for his services. Do you know of some authority in this matter? Although, as you say, tax inspectors have discretion to bend the law, it seems clear that the references to consideration in section 128 must have the same meaning as the word "consideration" in the opening lines of section 32(1). The fact that the incidental costs of making the disposal appear as the final class of deductions from that consideration, in paragraph c of

How to make a handy tax rebate handier

Handy to find a bit extra in your pay. Shame to send it back. What with increased VAT, Licence Fees and Excise Duty, a small celebration can quickly turn into a taxman's feast. Whereas if you turn your back on taxed temptation, you could put your money in an Abbey account. And start it growing, rather than going. We'll coddle it, make it grow. (You won't even have to pay basic rate tax on the interest. We'll take care of that.)

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FRAMLINGTON AMERICAN Turnaround FUND

A new unit trust investing for capital growth in US turnaround situations selected by Framlington

On Wall Street, brokers talk of a turnaround situation to describe positive action taken by a company to reverse a declining trend. Examples could be new management, new products, the shedding of unsuccessful subsidiaries, a new marketing approach.

A turnaround situation creates an investment opportunity by enabling one to buy into a revitalised situation before the improvement is reflected in a higher share price.

The Framlington American Turnaround Fund will invest in selected situations of this kind with the aim of achieving above-average capital growth.

In our opinion there are good reasons for choosing America at this time:

1. Because of the number and variety of the companies in which one can invest; because Americans are good at undertaking surgery in bad situations; because in free market conditions a turnaround can take place more quickly.
2. By international standards, shares in America are still cheap. There are substantial institutional funds waiting to be invested as soon as the end of the recession is in sight.
3. The present steady-dollar exchange rate makes investment in US shares cheaper than in previous years. The Turnaround Fund will invest through the premium or through loans, as appropriate; initial investment will be mainly through the premium so that investors will benefit from any improvement in the dollar or the premium.

Intending investors will wish to know how previous trusts introduced by Framlington have fared. There have been four:

1. Capital Trust was launched in January 1969. The offer price of units has risen 246% compared with a rise of only 44% in the FT-Actuaries All-Share Index.
2. Income Trust was launched in December 1971. Units are up 155% compared with 35% for the All-Share Index.
3. International Growth Fund was launched in October 1976. Units are up 182%; the All-Share has risen 121%.
4. American and General Fund was launched in April 1978. While the price of units has risen a modest 12%, the Dow-Jones Industrial Average has risen only 5% and, adjusted for currency and premium changes, has actually fallen 31%.

Although the managers cannot guarantee that the new Fund will match the performance of previous introductions, they believe that investors will do well.

Investors are reminded that the price of units and the income from them can go down as well as up. An investment in a unit trust should be regarded as long term.

For this first public offer, units in Framlington American Turnaround Fund are priced at 50p each until 3 pm on Wednesday 24 October 1979. The minimum investment is 500 units, which cost £250.

The estimated gross starting yield is 2.0% per annum. Investors should complete the coupon and post it with a cheque to arrive not later than 3 pm on 24 October. Applications received after that time will be accepted, but units will be allocated at the price then ruling.

General Information: Net income, after deduction of basic rate tax, will be distributed to unitholders on 15th August with first distribution 15th August, 1980. Applications will be acknowledged and certificates will be sent within 42 days of the close of the offer. The offer price includes an initial charge of 3%. There is an annual charge of 3% + VAT. Units can be bought and sold every Monday unless this is a public holiday. Prices and yields are featured in most leading newspapers. The trust is an authorised unit trust constituted by a Trust Deed dated 9th October, 1978. Commission of 1% is paid to recognised agents. The trust ranks as a wide range investment. Trustee Investment Act, 1961. The Trustee is Lloyds Bank Limited. The Managers are Framlington Unit Management Limited, 64 London Wall, London EC2M 3JG (Reg. in London 095241) Member of The Unit Trust Association. This offer is not available to residents of the Republic of Ireland.

FIRST PUBLIC OFFER OF UNITS IN THE FRAMLINGTON AMERICAN TURNAROUND FUND. OFFER CLOSES 24th OCTOBER.

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I declare that I am over 18 and not resident outside the United Kingdom, the Channel Islands, the Isle of Man or of any persons' residents outside those territories. If you are unable to make this declaration you should apply through a bank or stockbroker.

State Mr./Mrs./Miss/Ms or Titles and Forenames. Joint applicants should all sign this form and give other details on a separate sheet.

Full Name(s) \_\_\_\_\_

Address(es) \_\_\_\_\_

Signature(s) \_\_\_\_\_

AMERICAN Turnaround FUND

مكتبات الصحف



YOUR SAVINGS AND INVESTMENTS 1

Barry Riley questions a growing investment trend

Switching hitch

LET ME tell you how I have made a lot of money. Last year I decided to come out of UK equities after the good 1977 performance and switched into French shares just before the election.

After quick gains there I had a hitch in Wall Street second time before returning my attention to the UK for a prediction fatter this spring. Selling again at the beginning of May I had a brief but profitable dabble in Hong Kong before piling into gold shares at the beginning of August.

Years ago there was a minor vogue for investment trusts and unit trusts which held only shares in other investment trusts. The theory was that there was a double layer of investment expertise which would lead to an extra performance.

Thoughts from the top on those tax rebates

HOW ARE we going to spend our tax rebates? On more beer, on a house extension or on units in a unit trust?

Given that the better paid are about to receive proportionately much larger sums than the lower paid, it seemed appropriate to ask some top figures in the City and industry to tell us what they plan to do with the money.



Mr. Robin Letch-Pemberton

proceeds on my house and garden. Then I hope that my life style will revert to its equitable level of the recent past.

If it is true that spending habits at the top are followed by those lower down the ladder, that perhaps is the first clue for the economist.

TIM DICKSON

Volatility v Analysis

MINING PAUL CHESTBRIGHT

THERE USED to be a time when gold analysts could settle down with their charts, look at potential supply and demand figures, refer to a range of international economic forecasts and then predict with at least a modest hope of accuracy a course for the market.

South Africa, the average price received during that period was \$310 an ounce, which compares with \$290 in the June quarter and \$240 in the March quarter. Over the whole group, gold mine net profits in the past three months were 21.5 per cent higher than in the three months to June.

Shares have been suspended, at its own request, along with those of Minoro and Zambia Copper Investments, two other Anglo American Corporation of South Africa. Its shares have been suspended, at its own request, along with those of Minoro and Zambia Copper Investments, two other Anglo affiliates.

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Form for City of Westminster Assurance, including fields for Name, Address, and checkboxes for investment options like Single Premium Investment, Regular Savings, and Share Exchange.

Large advertisement for Scottish Provident The Hallmark Investment, featuring the word 'NO' in large letters and text describing the investment's benefits: 'No tax problems. No investment fluctuations. No medical. No high management charges. And nothing quite like it.'



# YOUR SAVINGS AND INVESTMENTS 2

## Bank on a brand new Rolls

BY DAVID LASCELLES

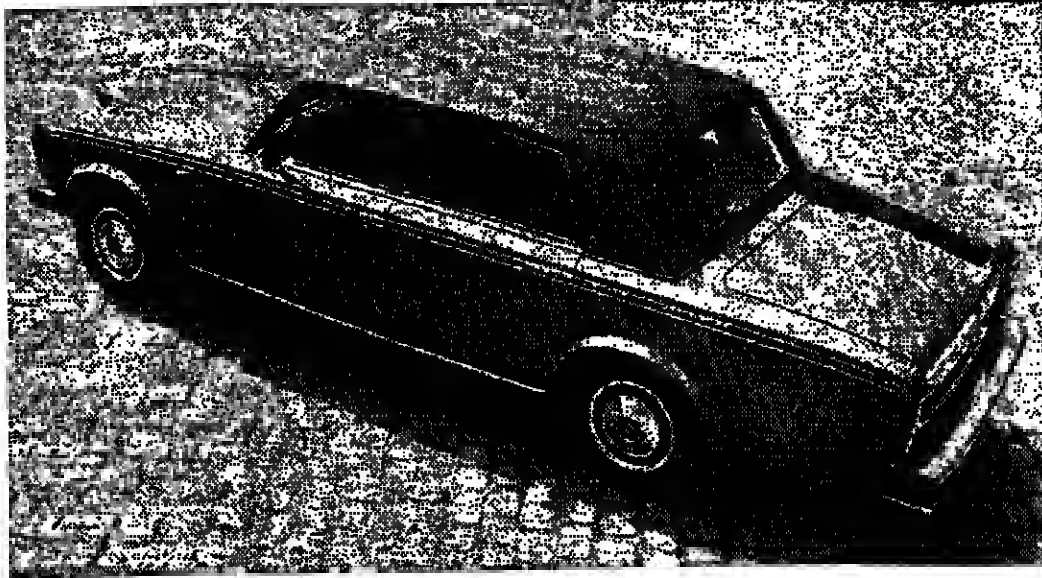
AMERICAN banks are not shy when it comes to wooing new depositors. The latest bright idea comes from the East New York Savings Bank which is offering new customers a Rolls-Royce Silver Shadow II if they deposit their money with them.

But there are so many catches that no New Yorker has yet actually handed over his money, though the bank says 30 people have expressed "serious interest." Here is how it is supposed to work.

A depositor must place \$160,000 in a savings account and pledge to leave it there for eight years. Normally, that account would pay 8 per cent interest a year. But in this case he foregoes all the interest and is given a Rolls-Royce instead.

It all boils down to whether a Rolls-Royce now is better than 8 per cent over eight years. To answer that question you need a pocket calculator and some pretty firm ideas about where interest rates and inflation are going between now and 1987. But the basic facts are as follows:

If the depositor left the



The Rolls-Royce: a good return for the \$160,000 investor?

money in a regular 8 per cent account, it would earn \$12,800 a year, or a total of \$102,400 in eight years. Compounded, the money would earn even more: just over \$136,000.

But the cost of the Rolls-Royce is \$76,385.11. So on the face of it, the depositor is getting a pretty raw deal, losing at least \$25,000, the difference between the value of the Rolls and the cash interest he would have earned.

The value of the Rolls represents a six rather than 8 per cent return on the money. On top of that, he will have locked his money away for a long time and, under the terms of his deposit agreement, can get it out early only if he pays the bank back for the Rolls and stumps up a penalty charge.

However, there are some pluses too. One is that if the depositor went the regular course and drew eight per cent over eight years, his return would decline in real terms because of inflation.

By taking the Rolls instead, he enjoys the immediate benefit of his money.

Another plus is the chance to get a Rolls for what the bank claims is a wholesale rather than a retail price. (Rolls-Royce confirms this: the Retail price is over \$90,000.)

Nor should one forget that a Rolls-Royce can itself be an investment. A Rolls-Royce is one of the few cars that actually appreciates in value, and a recent survey showed that it appreciates more quickly than any other car in the U.S.

But, alas, that is not the whole story. Because the Rolls is taken in lieu of interest, and because interest earnings are taxable, the Internal Revenue Service says it will tax the Rolls as income. What is more, it will tax all at once rather than at one eighth of its value annually over the term of the deposit.

So the depositor will find himself in a mighty high tax bracket the year he takes the Rolls, and will probably end up paying much more tax than if he took annual interest payments.

The East New York Savings Bank concedes that this is a serious stumbling block. But its lawyers are working on it, it says, and they hope to get the ruling changed soon.

## Stockbrokers' Hot Six

BY RAY MAUGHAN

VERY FEW people, having completed formal education, are ever subject to a public assessment of the merits of their work. Anybody remotely interested in advertising would know when an agency loses or wins an account and newspaper circulations are watched scrupulously by those paid to monitor them.

Oscars and Emmies are awarded to thestars who stand up and entertain us but rarely are individuals so carefully inspected, assessed and tabulated every year as stockbrokers' analysts.

Given the American love of statistics and league tables it is appropriate that the annual "Ranking of UK Investment Analysts" is carried out by the London office of a large U.S. bank, Continental Illinois.

Superficially, the idea of the survey is to discover which stockbroking firm gives the best overall investment advice to its clients. But analysts are sufficiently human to be more concerned with the rankings of individuals in each investment sector.

Perhaps all this should be taken with a pinch of salt. Certainly there are sufficient large and successful brokerage houses which rarely ever feature in these surveys to suggest that dealing acumen, contacts and placing power are salient features of broking prestige. But it is always nice to receive a pat on the back, particularly from a customer. Conversely,

the importance attached to the bank's findings is sometimes illustrated by the guarded mutterings of disappointment among those who fail to appear.

Continental Illinois asked 226 investment managers to rank their choice of investment analyst by sector of the market. The bank does not reveal how many responses it received but, after six consecutive years, it seems reasonable to suppose that it achieved a representative sample.

The fund management groups, pension funds, life assurance companies and merchant banks were required to say which analyst was most useful in every segment of the market.

The survey shows how many people research a sector and then lists, on a descending scale, the top three analysts in each category, be it bank, oils, electricals, construction or whatever.

The frequency with which a firm's analysts appear in this vital top three ranking determines its overall placing. Hoare, Govett topped the table this year swapping places with James Capel which came second. Others in the first six were Kemp-Gee in third place and then Wood Mackenzie, Phillips and Drew and W. Greenwell.

None of these firms has ever appeared outside the top six over the past four years and it does seem that specialist, highly regarded research has been monopolised by a handful of firms. Not that they conform to a recognised pattern. Hoare and

Capel, for example, usually described as general brokers in that it researches over 90 per cent of the stock market by capitalisation. Kemp-Gee, by contrast, probably limits itself to less than two-thirds of the market's capitalisation.

It is generally claimed that the quality of analysis rises every year but it is also accepted that the stock market is over-analysed. It is true that institutional fund managers read and absorb only a fraction of the research documents sent to them each day and it is by no means clear that expertise in one area is always rewarded with an accompanying buy or sell order.

A firm may research a company with loving care, but it has no certainty that it will receive an order if the company wishes to place a large line of stock. What does seem to happen is that compensating orders are sometimes given to reward good work but often in entirely different sectors.

In true analytical tradition, Continental Illinois has decided to expand the scope of its research this year and presented the league table on a weighted basis. Rather than just awarding a mark for appearing in the top three sector placings—the system which placed Hoare, Govett first—the bank decided to attach relative weightings to first, second and third placing and gave three points for a first place, two for a second and one for a third.

The weighted ranking places Kemp-Gee first, James Capel

second and then, in descending order, Wood Mackenzie, Hoare, Govett, Phillips and Drew and De Zoete & Beran. Much the same faces but in a different order.

What the survey cannot discuss is the relationship between an analyst, his salesman and his client. Salesmen, traditionally regarded as mouthpieces for the backroom boys, are obviously essential to stimulate client interest.

They fall into two broad categories, those who specialise by client and his particular needs, and those who specialise by sector and thus speak with more authority about the stocks in that sector.

The broking fraternity appears divided as to the more efficient category but two strands are becoming more important. In many cases the fund manager wants to talk directly to the analyst responsible for a piece of research while several of the more successful firms in this survey insist that salesmen have good research experience.

Two other points emerge from this table. Broking is still male dominated. Women appear only three times in the survey, twice in the toys and games sector. Secondly, the Government has broken down many of the barriers to direct overseas investment. Continental's rankings suggest that few dominant research personalities in London have emerged to exploit these opportunities.

## A streetcar named Desire.

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### A FINANCIAL TIMES SURVEY

# AMERICAN TRAVEL AND TOURISM

NOVEMBER 9 1979

The Financial Times proposes to publish a Survey on American Travel and Tourism which will coincide with the staging of the Association of British Travel Agents convention in Los Angeles, California, U.S.A. The provisional editorial synopsis is set out below.

Editorial coverage will include:

- THE HOTEL INDUSTRY
- THE AIRLINES
- THE PACKAGE TOUR OPERATORS
- CAR RENTAL
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### FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

## The war that never ends

We British are a peaceful people. When a war is over we like to consign it to the history books — and forget it.  
 But for some the wars live on. The disabled from both World Wars and from lesser campaigns, now all too easily forgotten; the widows, the orphans and the children — for them their war lives on, every day and all day.  
 In many cases, of course, there is help from a pension. But there is a limit to what any Government Department can do.  
 This is where Army Benevolent steps in. With understanding. With a sense of urgency... and with practical, financial help.  
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YOUR SAVINGS AND INVESTMENTS 3

How to avoid slip-ups on the slopes

AFTER A hectic day on the slopes a skier has time to settle back in the bar and reflect on how many times he nearly broke every bone in his body during the previous few hours enjoyment.

But, if he has been sensible enough to buy adequate insurance cover he can take comfort from the warming glow of a Vini Caldi in the knowledge that if he is unlucky enough to break a leg it will not hurt his wallet as well.

Winter holiday insurance cover is far from a specialist market. Most companies have schemes on their books and any worthwhile broker can put forward a choice.

However, for those going on a package skiing holiday the tour operator will normally have a basic insurance package incorporated into the price of the holiday.

A typical example of a package holiday cover can be given by Thomson, which insures

through Norwich Union. Within the cost of the holiday the skier is covered against cancellation or curtailment up to the total holiday cost.

Medical cover is £2,000 per person, baggage and personal effects £300 (or £100 on any single item), personal accident £3,000 and personal liability £100,000.

There is also cover of £100 for public transport falling to

SKI-ING TERRY GARRETT

get the holidaymaker to the airport on time.

The overall package looks adequate for most European holidays, though it does not cost much to increase the cover through Thomson. An extra £4.30 for one week or £4.85 for two weeks lifts medical cover to £5,000, baggage to £500, and there is the introduction of a



Perfect landing—but it isn't always like that

temporary disability cover of £5 a week for 100 weeks, loss of cash up to £100 and damage to ski equipment of £150 if it belongs to the holidaymaker or £60 if hired. Personal liability insurance is increased to £250,000.

Not everyone wants to go on a package holiday, and premium rates quoted for the individual cannot compete with those arranged by the tour giants.

The options are wide but two of the big insurance brokers, J. H. Minet and Towry Law both recommend the Lloyd's SkiSure Winter Sports insurance as one of the better schemes available, if not the cheapest. The policy comes in two parts—personal accident and a more comprehensive unit insurance.

The first part covers death or disablement of various forms up to the sum insured and also includes a clause for temporary total disablement. This is limited to £10 per week for every £1,000 insured. For a two-week holiday this cover costs just £2.50 for every £1,000 cover with a maximum insurance of £100,000.

What is particularly attractive about this policy is the temporary disablement clause which is a must for the self-employed, and is not available on many policies.

The unit insurance policy costs £20 for two weeks or the cover can be doubled up at a cost of £30. The single unit cover offers personal accident cover of £2,000, cancellation and curtailment cover up to £250, medical expenses of £2,500, baggage and equipment up to £300, money and travellers' cheques up to £200 and personal liability of £250,000 (whether one of two units are bought).

There are reciprocal agreements in the EEC which entitle the holidaymaker to the same conditions as the local resident.

So medical cover of £2,000 is enough for most parts of Europe. If a more extensive trip is considered, brokers will be talking in terms of medical cover in the region of £4,000.

But if you are going skiing in the U.S. medical bills can be really frightening. Opinions vary from "£5,000 as a real rock bottom" to "as much as you can afford."

Individual quotes are often needed to increase medical insurance above the standard schemes. The final premium may look a bit daunting, but if you really find that icy patch which puts you on your back, it can be money well spent.

Riding on the recoveries

"RECOVERY" funds in recent times have been virtually synonymous with M and G—first of all through its UK Invested unit trust of that name and latterly through the new U.S. cousin M and G American Recovery.

This week Framlington Unit Management is no doubt hoping to break into this field with the launch of its American Turnaround Fund. "Turnaround" for those not familiar with the concept, is clearly Wall Street's answer to an Anglo Saxon "Recovery." A few words from the marketing bumph, however, may explain.

"A turnaround situation creates an investment opportunity by enabling one to buy into a revitalised situation

UNIT TRUSTS TIM DICKSON

before the improvement is reflected in a higher share price." Sounds easy, doesn't it?

"On Wall Street," the literature goes on, "brokers talk of a turnaround situation to describe positive action taken by a company to reverse a declining trend. Examples could be new management, new products, the shedding of unsuccessful subsidiaries, a new marketing approach."

Bill Stuttford, chairman of Framlington Unit Management an investment manager of the new fund maintains that the new fund will not go for "conventional" recovery situations but will concentrate on companies which have already turned round. Unperturbed by the dive in the Dow Jones Index in the last few days he says, "If we can start when the market is falling this is a sign to me that there will be plenty of bargains to be had."

Mr. Stuttford adds, "It seems to us that Americans are good at turning things around. Moreover, the American investing public do not seem to react as quickly as UK investors to this type of opportunity."

For this reason the fund, which is designed to provide capital growth is likely to hold individual shares for some time. "We do not expect to turn over more than 20 per cent of the portfolio a year."

Framlington already has an American and General Fund, launched last year mainly to invest in the smaller growth companies. The unit price has only risen 12 per cent and the dollar's weakness and the fall in the dollar premium have been big handicaps.

As Mr. Stuttford ruefully remarks: "Getting the currency right is the most important thing these days." If the dollar premium is below 10 per cent the Turnaround Fund will invest via the premium. If the premium is above 15 per cent the loan route will be adopted.

Long faces in Lime Street

THE 8,565 men and women who were members of Lloyd's in 1976 were no doubt interested this week by Lloyd's revelation of its annual market returns for that year, which showed overall profits down from £135.2m to £122.8m.

For those who have joined this most club-like of insurance markets since then, however, the significance of the gloomy remarks which were made by underwriters representing many parts of the market may well have been lost. New recruits in the last three years have



Mr. Ian Findlay

INSURANCE JOHN MOORE

swelled Lloyd's to its present membership of 17,278, more than double the numbers who participated in the 1976 account.

The number of members who will participate in the 1977 account will be 10,730, an increase of over a quarter on the previous year. They will have the nightmare of paying for the sensational computer leasing losses, which are estimated to be £235m and which will fall in that accounting year.

Lloyd's leaves its accounts open for three years to catch most of the claims that arise on the business insured each year. This is why the figures for 1976 are the latest available.

Currently, Lloyd's premium income is estimated to be £2bn compared with the £1.7bn in 1976, and overall profits are turning down, caused mainly by the setback in the non-marine market which specialises in general insurance business.

What is clear is that Lloyd's is hardly growing sufficiently to nourish the members who are providing committed capital to finance the market's operations. This may seem to be more serious than it is if you just look at new premiums; Lloyd's, however, derives a large amount of its profit from invested income. The non-marine market, for instance, provides nearly a half of Lloyd's total premium but its underwriting profit relative to the size of business which it produces has been very low.

In the 1976 underwriting year the market produced an underwriting loss of £1.5m compared with a profit of £3.7m but with the income from investments added in this was translated into an overall profit, admittedly

much reduced, of £14.2m. Depending on how Lloyd's invests the premiums a reasonable return can be made for the members even if the underlying quality of the underwriting is poor.

Mr. Ian Findlay, Lloyd's chairman, pointed out in his annual statement this week that investment income can be an uncertain crutch. "It may seem churlish to deny a profit from whatever source it is derived but underwriting must, in the interests of a healthy market be self supporting." He was referring to the non-marine market.

But in a climate where conditions are competitive and the available capacity is coming forward at a greater rate than insurance demand, the pressures to underwrite for cash flow and premium rather than profit are likely to be compelling.

In these conditions the 17,239 members of Lloyd's are likely to see the quality of their underwriting done on their behalf deteriorate even further.

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Expanding flexibility

FLEXIBLE endowment policies are the traditional life company's answer to the unit-linked concept. What they provide is the option to cash in a traditional life insurance policy at any time from the tenth anniversary of the first premium.

They are therefore designed to combine the financial guarantees of a with-profits plan with the flexibility of the unit-linked concept.

Basically, the plans are either whole life contracts, or more popularly endowments maturing at age 65, with guaranteed cash in value from the tenth year onwards.

The big drawback to these schemes, however, has been the cost of the flexibility. A youngish investor, for instance, cashing in his policy at some stage after 10 years could end up with as much as 10 per cent less than he would receive under

INVESTMENTS ERIC SHORT

a traditional fixed ten year contract.

Now two life companies, Friends Provident and Scottish Amicable, are trying to cut down on this penalty by varying the design of a flexible endowment.

These alternative plans take as their basic contract a 25-year endowment policy with guaranteed cash-in values from the 10th year onwards. This gives a higher cash-in value at 10 years, compared with the other plan, but a lower death cover before cash-in.

Under Friends' Provident Multidowment, an investor aged 30 paying £10 per month net could cash-in after 10 years and expect to receive £1,872 on a current bonus rate; on the old flexible endowment he could expect only £1,743. He is however, still paying a considerable penalty, for on a fixed 10-year endowment he could expect £2,227.

With Scottish Amicable's Flexi 25, the same investor paying the same premium could expect £1,889 compared with £1,798 on the normal Flexi 65, and £2,080 on a fixed 10-year with-profits endowment.

Although these innovations are an improvement on the old flexible endowments, they still come nowhere near to providing the complete flexibility of unit-linked schemes. Investors looking for the guarantees of a with-profit investment and requiring flexibility in cash-in should survey the whole market.

Advertisement for Trident Life featuring a large '17.1%' and '17.1% p.a. gross' text, with a 'LIMITED OFFER' banner.

- The new Trident Life Guaranteed Income Bond (Series 3) gives a high income of 12.0% net\* (equivalent to 17.1% gross) and a full return of capital after 4 years.
● The new Trident Life Guaranteed Growth Bond (Series 3) gives a guaranteed growth of 12.0% net\* (equivalent to 17.1% gross), and a tax-free return of £1,574 after 4 years for £1,000 invested.
● Interest rates are high and may fall at any time. This offer is your chance to secure the benefit of these high rates for the whole period.

How does the Bond work? The Bond comprises four single premium endowment policies and one regular premium qualifying life policy. Each year one of the single premium policies is encashed to provide the premium on the qualifying life policy, and in the case of the Income Bond, also provide your income. At the end of the fourth year you surrender the qualifying policy and receive the guaranteed sum.

How to apply Complete the application attached and forward it with a current cheque to Trident Life Assurance Co Ltd. Your application will be acknowledged and your policy will follow within eight weeks. A Direct Debiting Mandate will also be sent to you to enable Trident Life to complete the transfer each year of the net premium due.

Application form for Trident Life Guaranteed Growth and Income Bonds, including fields for name, address, date of birth, occupation, and investment amount.



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# PROPERTY

## Time sharing in the Scottish Highlands

BY JUNE FIELD

THERE was a fine Scotch mist over the loch, and it was drizzling. But after a sauna, breakfast of Arrbroath Smokies, Ayrshire bacon with drappit eggs, I didn't really care.

I could have gone golfing, fishing, sailing, shooting of wildfowl, or to the nearby Schiehallion, the fairy mountain, but for the moment I was quite content to relax and watch the black-faced sheep swooped on my terrace across the road to the Isles.

I was staying in one of the superlative Loch Rannoch Highland Lodges, near Pitlochry, Perthshire, in 250 acres of forest, Britain's first multi-ownership project.

The lodge, centrally-heated, double-glazed, air-conditioned and fully-furnished, sleeps eight and has in addition to your own private sauna, three bathrooms, three bedrooms, and a kitchen fitted with every conceivable labour-saving device, from a dishwasher to an ice-crusher. It cost over £50,000 to build.

A share in it for a week's holiday in perpetuity, costs from £2,500 to £5,000 according to the date you choose. Apartments under construction, being built to the same luxury stan-

dard, but obviously with less accommodation, cost £1,250 to £3,000 for a week, £1,000 for a studio. The maximum number of weeks you can buy is 12.

This is time-sharing, a resort facility pioneered some years ago in Europe and extensively developed in America. With the most basic schemes, you simply buy the amount of time that fulfils your need and finance, so that you become the owner for that allotted time. The rest of the year is shared by others, a logical idea, because very often a holiday home is only used for short periods anyway.

To ensure the lodge is in impeccable condition for each and every one of its numerous owners, you also pay an annual management charge, about £35-£55 a year at present and indexed to the cost of living.

This takes care of insurance, telephone rental, relayed music, baby-sitter, etc., all repairs, replacement of furniture and equipment, maintenance inside and out, and the cleaning of the lodge every week, which includes change of linen and towels, plus the provision of such necessities as toilet rolls and soap. Only food and drink which will be left in the

fridge/freezer for your arrival, is extra.

If you don't want to cook, then you can eat at the excellent Loch Rannoch Hotel next door. (For a special inspection offer, two for the price of one, and brochures on the project, contact Frank W. Chapman, Loch Rannoch Estate, 6 Half Moon Street, London W1 0J-629 2731.)

So far, about 1,500 weeks have been sold to more than 900 purchasers for around £5m. You can even pay by instalments, 25 per cent down, the rest over three or five years.

You can rent, lend or sell your time-share, and, most important for those who don't want to go to the same place each year, exchange with owners of other multi-ownership properties around the world, some attached to a hotel, others not.

There are various exchange organisations, including International, Resort Condominiums International, International Exchange Facilities.

So what are the signs of what is on the face of it a trouble-free inflation-proof investment—tomorrow's vacation at today's prices?

Ivor Cooper, partner in Druce and Co.'s hotel department, has



Luxury lodges overlooking the loch at Loch Rannoch, near Pitlochry, Perthshire, in the Scottish Highlands, have been designed with solar heating panels on the sloping roof of the top windows. Details on buying a share in the holiday complex from £1,000 to £5,000 according to the time chosen, from Frank W. Chapman, Loch Rannoch Estate, 6 Half Moon Street, London, W1 0J-629 2731, who can also be contacted at the Homes Overseas Exhibition, Midland Hotel, Manchester, which opens on Tuesday until Thursday inclusive.



If you want an easily accessible hideaway near Halifax, then Scaw Well, Soylands, Ripponden, is only five miles away from the town and the M24 motorway. The four-bedroom 17th century stone house in two acres of spectacular open countryside is on offer around £75,000. Details: Christopher Orme, Strutt & Parker, 13 Princes Square, Harrogate, N. Yorks (0423 61274).

recently had many discussions with British hotel owners on these schemes and variations on them.

"The basic economics of such schemes is quite good as the cost of a new or renovated room to incorporate all modern amenities would be between £5,000 and £12,000. To sell such rooms off at say an average conservative figure of £2,000 for a two-week period would show a very handsome return indeed on the initial investment.

"The apartment purchaser should realise his investment in eight/ten years at current prices."

His only reservation was the uncertainty of British weather which might cause problems when it came to exchanging.

At present the swapping of units in say Florida and the Caribbean with something in this country is an unknown quantity. So is re-sale value.

There are various other schemes I have yet to report on—the Osborne, Torquay, Leisure Share at the Clovelly Country Club, the Kiltonquhar Castle Estate, Fife and so on.

Prices for similar schemes outside Britain—principally in Europe and the Caribbean—vary considerably and the share is usually for a shorter time than in Britain. Then there is the cost of getting there, though it probably won't cost you very

much more to travel to Spain on a cheap flight than to go on British Airways Shuttle from London to Scotland.

The standard of equipment and management can vary too. As in all overseas transactions it is important to deal with reputable, experienced agents and developers.

A popular project of a decade or so ago were "aparthotels", another form of interval ownership. Some were successfully completed, others never got off the drawing-board through lack of proper backing.

Kenneth Ward and Co., chartered surveyors, Knight Frank and Rutley House, London Road, Ascot, Berkshire, has pioneered the selling of overseas time-sharing projects, and can provide details of those in Majorca, Menorca, Ibiza, Majorca and Tunisia. Its list includes what is claimed as the first naturist time-sharing resort in France.

There will be plenty of information on traditional property purchases abroad as well as multi-ownership on the 35 stands at the Homes Overseas Exhibition, Midland Hotel, Manchester, on Tuesday and Wednesday, from noon to 9 pm, and noon to 7 pm on Thursday. If you can't get there, the October issue of Homes Overseas magazine contains the catalogue entries. For a copy

send 62p to Michael Furnell, Homefinders, 10 East Road, London, N.1.

Although, sensibly, the purchase of a holiday home ought to be financed with "fun money", there are several methods of raising extra funds. Negotiations for credit on resale overseas properties are under way with several finance houses by one exhibitor.

Write to Jack and Nicola Riley, directors, Chesham Property Overseas, 28a Cadogan Place, London S.W.1 (01-235 0881), who will send details plus a Spanish property portfolio of studios from £5,000 and two-bedroom apartments from £11,500 in the Alicante area to Bedford and beyond, as well as on the Costa del Sol, Almeria to Malaga. Or contact them at stands 16 and 17 at the exhibition.

A firm of brokers on stand 25 is promoting a "Capital Plan" which is essentially an overdraft from a merchant bank secured by a first or second mortgage on UK residential property.

Up to 100 per cent of the purchase price can be available with up to ten years to repay. Alternatively, funds can be raised by remortgaging the UK property on an endowment-linked basis. Brochure: M. J. McQuillan, Northampton and County Insurance Brokers, 10 St. Giles Street, Northampton.

# Montpelier International Properties

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## MOTURING

# Lancia comes back to the big time

BY STUART MARSHALL

FOR NEARLY 50 years Lancia have been making modestly sized cars that combine individuality with performance and comfort. Their names read like a motoring roll of honour. They began with the V4-engined Augusta of the early 1930s, followed by the very advanced Aprilia of 1936, the Ardea (1939), Appia (1953) and the front-wheel-drive Fulvia of 1963.



The Lancia Delta: stylish, but not so fashionable that it will go out of date.

Lancia have never made a bad car. They sold well in the boom days of the late 1950s and early 1960s, when anything on wheels was assured of a ready market. But when times became tougher, inspired design and quality construction was not enough. Two years ago, still making fine cars for the discriminating buyer, Lancia collapsed under a crushing burden of debt and had to be rescued by Fiat, which had grown fat out of motorising Italy's masses.

Under Fiat's sheltering wing, Lancia's renaissance began. In 1972 came the Beta, Fiat engine, with a gearbox developed during Fiat's brief liaison with Citroen, but otherwise all Lancia. Since then their big car, the flat-four, 2.1-litre Gamma, has made less of an impact. But now comes the car that will put Lancia into the moderately big time, with sales expected to top 200,000 in 1980 compared with 140,000 last year. They call it the Delta.

Again, its engine is Fiat. The cross-mounted, 1.3 or 1.5 litre four-cylinder with an overhead camshaft is basically the same as the Fiat Strada's, though Lancia's engineers have extracted another ten horsepower. Thus the 1.3 produces 75 horsepower (the same as the 1.5 litre Strada) and the 1.5 develops 85 horsepower. Any thought that the Lancia Delta is a bit of Fiat badge engineering with a new suit of clothes can be dismissed. It really is a new car in its own right. The Delta is a little longer in the wheelbase than the Strada, but a couple of inches shorter overall. The "wheel at each corner philosophy pays off in ride quality as well as in handling and road-holding of the kind Lancia owners expect.

Look at the Delta, especially in profile, and it may well remind you of a stretched Volkswagen Scirocco with four passenger doors. Nor is this surprising. Both cars came from the drawing board of Giorgio Giugiaro, the styling

genius who founded Ital Design and to whose studio the world's car makers have beaten a path throughout the 1970s.

Lancia admit the similarity. They point out that the smaller "prestige" car market in which the Delta competes is remarkably flat for its conservatism. It is, I suppose, another way of saying that a buyer who pays over the odds for a little individuality doesn't want his car to go out of date too quickly.

There is a lot of room inside the Delta despite its compactness. Even with the front seats pushed well back, there is space enough for two full-sized people to sit comfortably in the back. The driving position is excellent, with clear instrumentation (including dials for water temperature, oil pressure and voltage) in full view. There are a dozen warning lights on a dozen digital dials in the roof peak, a folding vanity mirror in the lockable lid of the glove box and rear window wash/wipe.

Options include headlamp washers, air conditioning, electric front windows and a sun roof. One of the fruits of Lancia's co-operation with Saab is an electrically heated driving seat, standard only in Scandinavia but optional elsewhere. (This week I had news of an accessory heated car seat backrest. It will be on sale here in a week or two. You plug it into the cigarette lighter socket and enjoy Volvo/Saab/Lancia style comfort on cold mornings for about £18.) Saab have also shown Lancia how to improve corrosion resistance. The Delta has many zinc galvanised body parts, oil-sprayed box sections, plastic coated underbody and stoneguards under the wheel arches. All exterior trim is of anodised aluminium.

There are three Delta models. The simplest 1300 with a four-speed gearbox is unlikely to be imported into Britain. We shall

be getting the 1300 and 1500 with five-speeds. The former could be called an economy model in that it has a geared-up top for economical cruising on motorways; the latter's five-speed box has closer ratios, for greater enjoyment when burring the car up and down Alps.

Which is, I hasten to add, not to say that the 1300 is in any way a sluggish whee it comes to fast motoring on mountain roads. During an enjoyable morning last week I kept company with a colleague, first in a 1300 five-speeder and then in a 1500 he had been driving: on a switchback of a road between Sestri Levante and La Spezia. Once we had squeezed past a dustcart being driven by a man who seemed to have learned his skills on a Formula One car, the Deltas had the road to themselves. They were pure joy on sweeping bends and hairpins alike, the 1300 no less than the 1500.

The rack and pinion steering felt light and sharply accurate. The use of 70 series tyres on wide rims ensures quick steering response and the wide track makes for stable handling. Roll bars, front and back, eliminate lurching or wallowing. The Delta is a quiet car. There is very little mechanical road or wind noise at the speeds one expects to use on motorways. The gearshift is particularly silky and the disc/drum brakes, diagonally split for safety, have ample servo assistance.

The 1300 five-speeder is faster in fourth than in fifth. It has the same 95 mph maximum as the four-speed 1300 but cruises in overdrive fifth at just over 80 mph with a mere 4,750 rpm showing on the tachometer. The 1300 five-speed returns a very economical 44 mpg at a constant 55 mph, 32.5 mpg at a steady 75 mph. The 1500 is marginally thirstier at constant speeds. In town, it does 25.4 mpg compared with the 1300's 27.7 mpg. All models need four star petrol and have 10 gallon tanks.

As though to make up for the lack of a motor show or even Motorfair, there will be a caravan camping holiday show at Earls Court next month, starting on November 3. Among the exhibits will be a seven-birth touring caravan with solar panels in the roof which are said to provide free central heating, even on a cloudy English summer day—should anyone actually want central heating on such a day, that is.

An enormous, V8 cogged American motor caravan with every luxury fitting is being shown with a liquid petroleum gas conversion which lets it run on 60p a gallon LPG as well as on £1.20 a gallon

petrol. As one of the nicest things one can do with a big motor caravan is to tour the continent, where LPG is not always freely available, wouldn't a fuel saving diesel engine be even better?

And there is a towable holiday home which looks like a timber built Swiss chalet and is said to suit any rustic setting. It comes complete with kitchen, cocktail bar and a living room with exposed "wooden" beams—all made from aluminium. After this an Englishman's travelling castle, with arrow slots in its glass fibre granite walls, a drawbridge and portcullis cannot be far away.

## Caravanserai

AS THOUGH TO make up for the lack of a motor show or even Motorfair, there will be a caravan camping holiday show at Earls Court next month, starting on November 3. Among the exhibits will be a seven-birth touring caravan with solar panels in the roof which are said to provide free central heating, even on a cloudy English summer day—should anyone actually want central heating on such a day, that is.

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1978 911 SC Sport Targa. Choice of a 1.8 Met. Silver and 1.8 Met. Black. All tools, 3,000 miles and fitted extras.

1978 911 SC Sport. Met. Black. 3,000 miles. Side lettering. Low mileage.

1978 911 SC Sport Targa. Choice of a 1.8 Met. Silver and 1.8 Met. Black. All tools, 3,000 miles and fitted extras.

1978 911 SC Sport. Met. Black. 3,000 miles. Side lettering. Low mileage.

1978 911 SC Sport Targa. Choice of a 1.8 Met. Silver and 1.8 Met. Black. All tools, 3,000 miles and fitted extras.

## Ian anthony

Person to Person Porsche

1980 Models are available for demonstration in the West.

1979 V 3.3 Turbo. Minor wear. White leather. R.G.M. Reg. 2,000 miles. Available now.

1979 3.3 Turbo. Met. Black. 8,000 miles. Side lettering. Low mileage.

1979 928 Auto. Choice of silver or metallic blue. Very low mileage.

1979 911 SC Sport Targa. Choice of a 1.8 Met. Silver and 1.8 Met. Black. All tools, 3,000 miles and fitted extras.











# HOW TO SPEND IT

by Lucia van der Post

## ...and The Bride wore...

MIDDLE-AGED matrons who weep at weddings when they see the bride's party coming up the aisle are not suffering from any sudden upsurge of sentiment. It is relief that brings tears to their eyes: the relief of knowing that this time, someone else has had the job of sloggng round the wedding industry's bow places; of inspecting rows of monstrous, shiny white dresses; of choosing flowers and finding cakes; of hantling through provisional guest lists with bloodied eyes in hand; and of coping with those dear, dear friends from the Other Side who operate on the principle of "Don't invite us—we'll invite ourselves." And our sons and daughters...

Last month I was a member of the supporting cast in an open air nuptial production that was staged in London on the banks of the Thames. My own role as the bride was little more than a walk-on part though crucial to the plot—at the Obergruennutter decided I should also double as assistant stage manager. It is of a post I would recommend.

Gypsy couples are said to through rings of fire together part of the general splicing procedure—but hoops of flame do not provide nearly as good a way of simulating sheer, unadulterated hell as putting someone through the hoop to more orthodox fixture. The OGM, who produced and directed the show, gave a truly formidable performance. She quickly proved that she could teach Britain's top managers a thing or two about delegation and what an eye for detail.

"Susi? Sorry to ring you at the office, I... What?... Yes, I daresay there is an oil crisis but this is important. Where are you going to put your cigarettes while you're walking down the aisle? Your dress doesn't have any pockets, you know, and... No, of course you can't put one behind your ear."

Finding a wedding dress proved to be one of our biggest problems. I don't know who designs the things but whoever they are, they need to try harder. The shops are full of unbelievable creations with frills round the neck, pin tucks

SUE CAMERON

on the bodice, bows on the sleeves, buttons down the front, tulle roses at the waist, flounces round the skirt—and all on the same garment.

After many fruitless Saturdays spent trailing round the bridal departments of the larger stores, I finally found a dress in a tiny shop round the corner from my home. The walls and ceiling at Catherine Buckley, 302 Westbourne Grove, London, W11 are festooned with exquisite pieces of antique lace interspersed with the dresses that have been made in the little workshop downstairs.

Most of the dresses are designed by Catherine herself, although some of her knitwear is designed by Shirley Alinger, her cutter. The shop specialises in antique lace—much of it hand-made—and wedding dresses like the one I bought can be made from up to a dozen different pieces of lace that are carefully cut and then applied together to form the whole. The sewing and applique work is done by Ivy Edwards who also does all the fitting. It is possible to go into the shop and buy a finished dress but there are a number of advantages to having one made—especially in the case of a wed-

POPULAR MYTHOLOGY would have us believe that all the brides in England get married in the spring. However, the caterers, the florists and the bridal departments

ing dress. We spent several delightful hours choosing lace and discussing the design of the dress itself.

Ivy is also an expert at suggesting those minor alterations which prevent the bride from looking quite as wide as a tactless tape measure would suggest.

Catherine Buckley's other speciality is spray printing. Lace wedding dresses can be altered afterwards and printed in delicate shades of green, pink or peach. Examples in the shop looked stunning. The OGM herself bought a fine wool dress in emerald green with a jacket in the same material spray printed in black.

Many of Catherine's silky rayon knit dresses and suits are also spray printed (see our illustration)—they would be ideal for a register office wedding—as are some of the chiffon evening dresses.

Fine cotton dresses with Edwardian pin-tucking or broderie Anglaise incorporated into the bodice or skirt cost from about £100. Catherine Buckley's lace wedding dresses cost from £250 upwards—the price depends on the lace used—and the rayon knit suits are around £200. Lace cushions are from £17.95 for 16 ins square. You can also find the dresses at Harrods, Knightsbridge, London

SW1, and the rayon knit suits at Smiths of Bath, 11 Beaufort Square, Bath.

### Beauty salon

Directly above Catherine Buckley's showroom is a small beauty salon run by two sisters, Jane and Diana Valori. Jane does facials and massages while Diana is an expert in electrolysis to remove unwanted hair. The pretty salon, with its flower print covered walls, also boasts a solarium.

Jane makes her own face and body cream but otherwise there are no cosmetics or skin care products on sale and therefore no pressure to buy a load of unwanted lotions at inflated prices. But Jane will recommend brand-name beauty products that can be bought at chemists and department stores.

She does not make up clients' faces but concentrates on treatment for the skin itself—an unusual but perhaps sounder approach. Her massage for face, neck and shoulders is highly recommended to the harassed—whether or not they are brides suffering from familial and organisational aggro.

Jane and Diana, who normally accept clients on personal recommendation only, charge £7.95 for a facial, £8.95 for a massage and £5 for a solarium treatment.

ANNABELINDA IS a charming shop at 6 Gloucester Street, Oxford, which specialises in clothes which are totally individual. Though the designers love making bridal dresses for brides, those who love Annabelinda clothes, but are either married or not thinking of getting round to it just yet, might also consider the shop, which stocks a whole host of beautiful and original day and evening wear.

However, for the bride-to-be, Annabelinda offers a very comprehensive service. Whenever possible, it is best for the bride to visit the shop. This way she can see the dresses for herself, pore over the fabrics, designs and trimmings and clarify her ideas while the Annabelinda designers for their part, can size the bride up and help her decide what will best suit her shape, face and tastes.

All the wedding dresses are original, though of course there are some standard styles and an overall look which is part of their distinction.

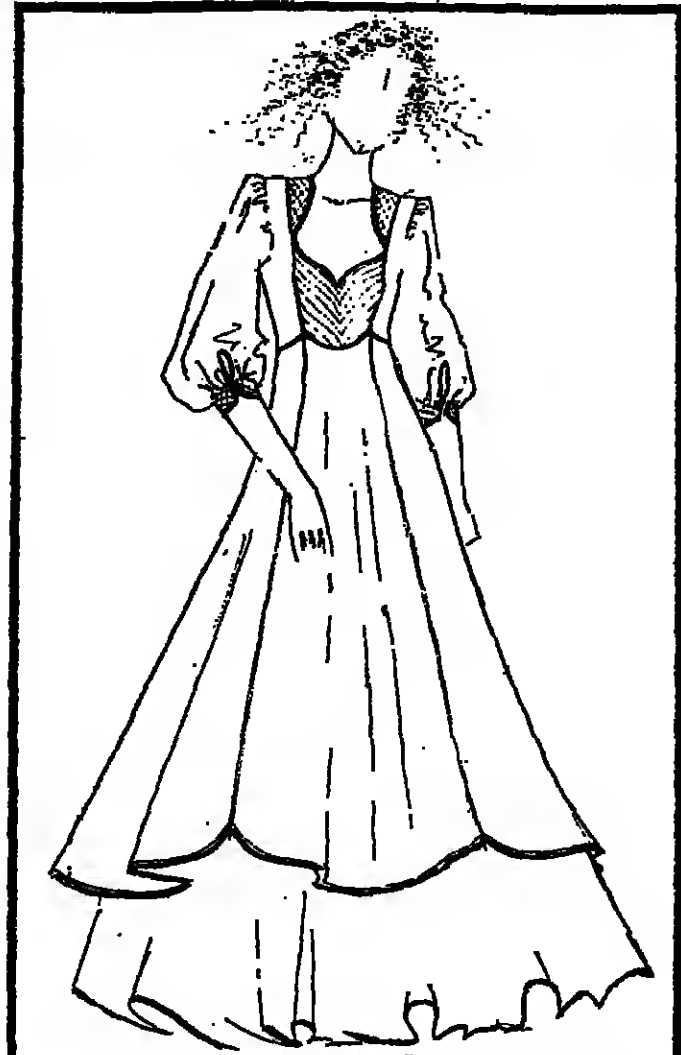
They use pure silk, fine lawns, silk chiffon, and voiles, and they offer very beautiful hand-embroidery (some brides like to have special flowers or motifs hand-embroidered on collar, cuffs or waistbands), and hand-painting.

If you want some idea of the sort of dresses they design before you make the journey to Oxford, write to Annabelinda at the above address and you will be sent a special leaflet for brides. The shop will also provide head-dresses, outfits for the bride's mother, pages and other attendants.

If you live in the Outer Hebrides, or for one reason or another cannot get to Oxford the shop will do its best for you by post.

If you have any antique lace that you want a dress built around, this will be done with much enthusiasm, for Annabelinda's designers love old and beautiful things. Prices of wedding dresses start at about £150 and go up to £450.

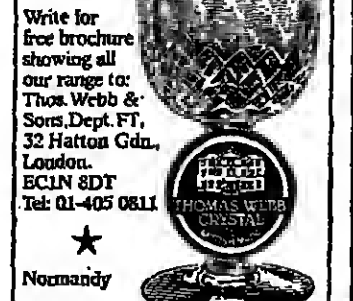
RIGHT: Silk crepe de chine dress with quilted bodice and double skirt piped in Indian silk £309, worn with matching quilted silk bolero £85, from Annabelinda.



TOP LEFT: Sue Cameron's wedding dress in antique lace.

TOP RIGHT: Classic rayon-knit suit is ideal for a register office wedding or going-away, £200; worn with lace camisole about £75. All garments are spray printed in peachy pink, from Catherine Buckley.

Write for free brochure showing all our ranges to: The Hamper People, 11 Sturges Row, Norwich NR3 4 AG, England. Tel: 06037173937 Telex: 37635



Drawing, top right, by Pauline Rosenthal



RUMAK has for years been making flattering dresses for well-born girls about to be launched upon society. The designers specialise in a deliciously pretty look so it seems quite natural that they should also turn to making delightful wedding dresses.

Most of the creations, whether for evening wear or weddings, have very much the air of being eminently suitable for the young Juliet. Many of them are high-waisted and have floating ribbons and this look is also translated into wedding dresses.

Favourite fabrics are silk, georgette and silk velvet with antique lace and ribbon trimmings. The prices vary from £85 to £500. At the upper end of the price bracket £109, the bride has the dress made sketch left, conveys perfectly entirely to her specification—

she can choose fabric, style, trimmings and, of course, it is made to measure.

At the lower end of the price scale, Rumak is happy to alter a dress to fit and to change the trimmings, but basically the dress will have to be one of the standard styles.

Rumak takes an interest in the whole outfit and Kate Rothwell, who also works for Liberty, makes the veils to complement the dresses. She uses silk chiffon and handroils the edges. She also makes head bands from plaits of pearls and here again the bride can ask for a special colour to be incorporated into the headdress to link it with her bouquet or the trimmings of her dresses.

Rumak is at 109, Walton Street, London SW3. The bride has the dress made sketch left, conveys perfectly entirely to her specification—

LEFT: Figured silk dress with Chinese hand-embroidered bodice and panels of silk chiffon, trimmed in velvet, antique lace and satin ribbon, from Rumak.

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ARTS

Arts and crafts

Craft, using the word in its most general application, is bound to be in some sense a mystery, the many who cannot do it in awe of those who can...



Marilyn Monroe from 'Ten Minutes' by Andy Warhol

Artists of all kinds, abstract quite as much as figurative, now rely upon the combination of acetate and chemical and light to achieve the desired result...

Photography, in all its aspects, is by now become an accepted tool of the artist, as much so indeed as his pencil, and as unremarkable...

Artists of all kinds, abstract quite as much as figurative, now rely upon the combination of acetate and chemical and light to achieve the desired result...

Turner at Petworth

At Petworth House, Sussex, already rich in artistic goodies, an extra treat awaits the visitor this autumn. Forty-seven of the now-famed series of Petworth sketches from the Turner Bequest at the British Museum, executed in watercolour and hatched on small sheets of blue paper, temporarily take their place among the many Turner oils in the house...

stands against the fire, or listen with the assembled company to the music from the spinet. Without outlining the features of the individuals or the details of the rooms, Turner conveys the essence of each occasion. No despatch of banality, this painter of the awesome elements.

of Egremont, was one of Turner's most important patrons. He had a fine collection of contemporary British paintings and sculptures, and between 1802 and 1813 bought many of Turner's oils. In the 1820s he commissioned Turner to paint four pictures for the panelled room at Petworth with the magnificent Grinling Gibbons carving (still in situ): these now hang in the 'Turner' room next door.

William Packer, Northern Ireland, 4.55-5.05 pm Scoreboard, 5.25-5.30 Northern Ireland News, 12.00 News and Weather for Northern Ireland.

Greevy & Shirley

Bernadette Greevy and George Shirley are not to be heard in London as often as one might wish, and it was a thousand pities that their attractive programme of Thursday at the Wigmore Hall was not sustained by their intended accompanist, Paul Hamburger.

cycle, and helplessly vague about the shape and pulse of the concluding Mahler songs. These are not works that singers can carry alone, though they coped bravely.

songs are variously in French and English, and Miss Greevy's indifferent French was something of a liability (as it had been in the Berlin).

Channel is the only IBA company transmitting programmes during the present industrial dispute. Details of this local service are given below.

As she is spoke

"It was obvious... that there is wide public concern about the standard of spoken English on the BBC (and elsewhere). Unfortunately most of the letters received from members of the general public contained linguistic faults of their own (misspellings, poor syntax, and other unpleasantnesses) which made it embarrassing to clear that the concern that was being expressed from that quarter sprang more readily from the heart than from the head.

You have just been listening to Dr. Robert W. Burchfield, Chief Editor of the Oxford English Dictionary, in his Report on the Quality of Spoken English on BBC Radio, released earlier this week.

RADIO ANTHONY CURTIS

Radio 3, to listen to BBC domestic radio for a month or so—the networks and local radio—and to report back on the Corporation's use (or misuse) of the language.

The other two wise men, who filed separate reports, were Denis Donoghue, Professor of Modern English and American Literature at University College Dublin, and Andrew Timothy, a former member of the BBC's announcing staff and colleague of Alvar Lidell.

I have great sympathy with the people of declining years who wrote those impassioned and ungrammatical letters to Dr. Burchfield. English is a frightfully difficult language both to write and speak correctly, even those of us who have been trying for a very long time are continually touching off hidden trip-wires.

Channel is the only IBA company transmitting programmes during the present industrial dispute. Details of this local service are given below.



Tommy Steele

Tommy Steele is the triumph of mind over matter. He doesn't sing particularly well; he would never even make the chorus line with his dancing; and his potter is gentler rather than jolky. Yet he has somehow managed to become a superstar. He is currently promoting his personality at the Prince of Wales and the first night audience on Thursday knew its role in life and gave him a standing ovation for being so happy.

effectively portrays the old knight against a back projection of fast traffic on a winding country road. It is as if he were playing hardly justified as a chorus line with his dancing; and his potter is gentler rather than jolky. Yet he has somehow managed to become a superstar.

ANTHONY THORNCROFT

TV RATINGS w/e Oct. 7

Table with TV ratings for various channels and programs, including BBC 1, BBC 2, and BBC Radio London.

CHESS SOLUTIONS

Solution to Postfen No. 289: 1 P-KB3, R-Q2, 2 K-N2, R-K7, 3 K-R1, K moves (KR2, N2, B2, N3, B3, N4, B4, N5, B5, N6, B6, N7, B7, N8, B8, N9, B9, N10, B10, N11, B11, N12, B12, N13, B13, N14, B14, N15, B15, N16, B16, N17, B17, N18, B18, N19, B19, N20, B20, N21, B21, N22, B22, N23, B23, N24, B24, N25, B25, N26, B26, N27, B27, N28, B28, N29, B29, N30, B30, N31, B31, N32, B32, N33, B33, N34, B34, N35, B35, N36, B36, N37, B37, N38, B38, N39, B39, N40, B40, N41, B41, N42, B42, N43, B43, N44, B44, N45, B45, N46, B46, N47, B47, N48, B48, N49, B49, N50, B50, N51, B51, N52, B52, N53, B53, N54, B54, N55, B55, N56, B56, N57, B57, N58, B58, N59, B59, N60, B60, N61, B61, N62, B62, N63, B63, N64, B64, N65, B65, N66, B66, N67, B67, N68, B68, N69, B69, N70, B70, N71, B71, N72, B72, N73, B73, N74, B74, N75, B75, N76, B76, N77, B77, N78, B78, N79, B79, N80, B80, N81, B81, N82, B82, N83, B83, N84, B84, N85, B85, N86, B86, N87, B87, N88, B88, N89, B89, N90, B90, N91, B91, N92, B92, N93, B93, N94, B94, N95, B95, N96, B96, N97, B97, N98, B98, N99, B99, N100, B100.

CINEMAS

ABC 1 & 2 Shaftesbury Ave (DO 886) 11.00, 12.00, 2.00, 4.00, 6.00, 8.00, 10.00. ABC 2 11.00, 12.00, 2.00, 4.00, 6.00, 8.00, 10.00. ABC 3 11.00, 12.00, 2.00, 4.00, 6.00, 8.00, 10.00.

ENTERTAINMENTS GUIDE

ALFORD CC 01-535 6403. Ino. 838. Folly at the Old Mill. ROYAL SHAKESPEARE COMPANY in 'The Taming of the Shrew'.

ADMIRAL CC 01-535 7817. A SUMPTUOUS NEW PRODUCTION. Opening Oct. 25 at 7.00.

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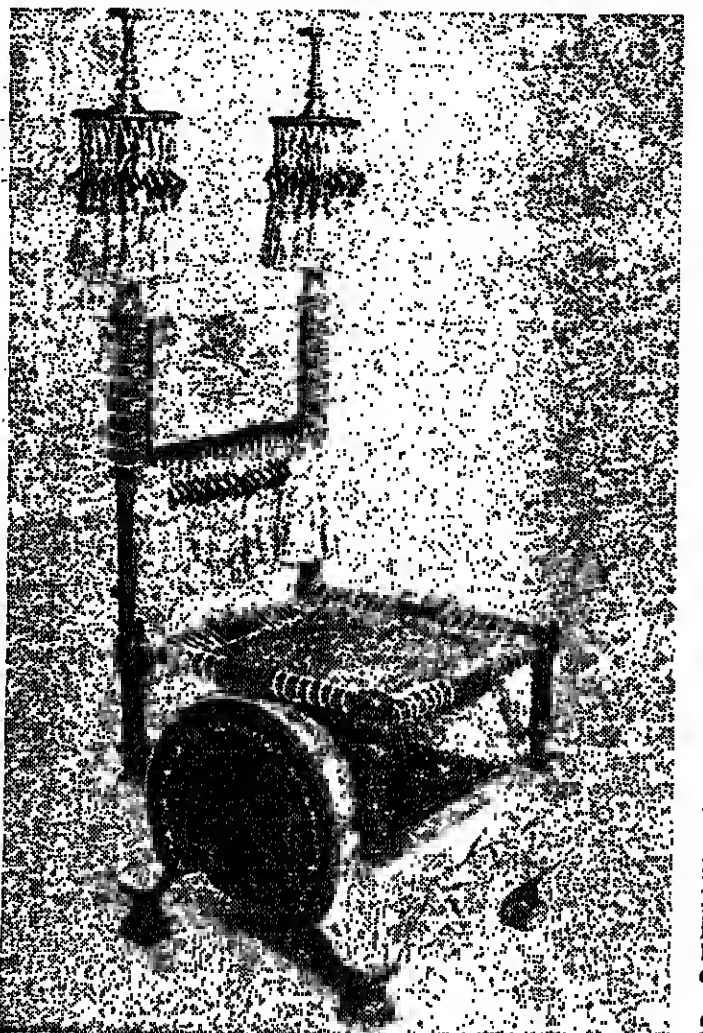
مكتبة الأحرار

COLLECTING

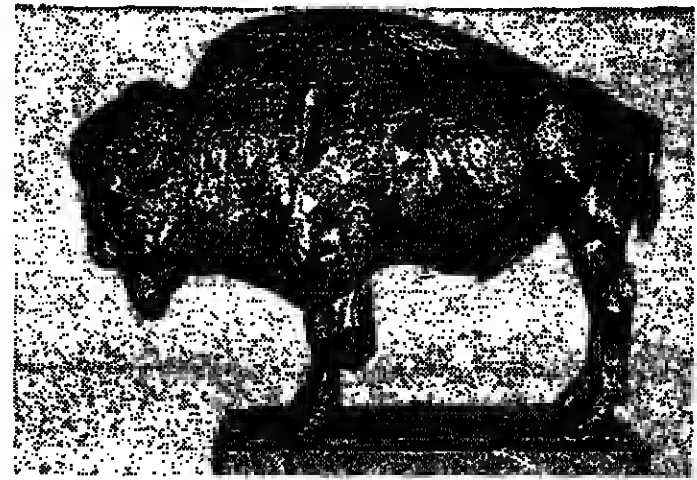
Amazing Bugattis

BY JUNE FIELD

FOR MANY people the name Bugatti is associated only with cars, but it also belongs to a dynasty of Italian artists and sculptors. Three generations of the Bugatti family, grandfather Carlo (1856-1940), his sons Ettore (1881-1947) and Rembrandt (1885-1916), and grandson Jean (1909-1939), produced a diversity of work covering furniture, silver and bronzes as well as automobiles.



Chair by Carlo Bugatti



Rembrandt Bugatti's bronze bison 1910, in 'The Amazing Bugattis' exhibition at the Royal College of Art, Kensington Gore, London SW7, open daily 10 am-7 pm until 18 November, also featured in Mary Harvey's new book 'The Bronzes of Rembrandt Bugatti' (Palaquin Publishing)

such original and delightful work." Philippe Garner applauds Carlo's "single-minded, highly individualistic talent." He draws attention to Carlo's jewellery and silver designs as well as such stylish novelties as the "small room" from the Turin Exhibition, particularly the G-shaped chairs, "a highly intelligent solution to the problem of seat design, allowing space behind the circular seat for the overhanging of coat tails or train."

CONCERTS

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SUNDAY, 28 OCTOBER at 7.30
PINCHAS ZUKERMAN
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TWO VIOLIN CONCERTOS
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ENGLISH CHAMBER ORCHESTRA
Conductor: PINCHAS ZUKERMAN
VICTOR HOCHHAUSER & HAROLD HOLT Ltd. present
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Two Romances for Violin and Orchestra... BEETHOVEN
Violin Concerto in D... BRAHMS
Enigma Variations... ELGAR

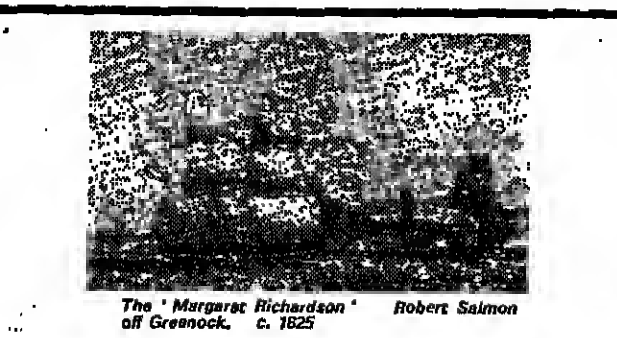
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The 'Margaret Richardson' Robert Salmon off Greenock, c. 1825

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Greenwich armour for the field and tilt, circa 1560. Sole on Wednesday, October 24, at 10.30 a.m.
The armour illustrated above was made in the Royal Workshops at Greenwich under the Masterhip of Erasmus Kyrenar. These Workshops, founded by Henry VIII in 1515 and closed in 1837, appear to have been employed solely in the manufacture of fine armours for the King himself and those privileged few who were given a Royal Warrant to commission one. The armour to be sold was almost certainly made for 'My Lord of Hunsdon' or 'Ser Gorge Howarde'. Both were prominent participants in Court tournaments and jousts, and the latter was appointed Master of the Royal Armouries in 1560. Apart from the suit made for Sir Henry Lee in the possession of a hitherto unidentified suit, it would appear to be the only enriched 16th century Greenwich armour likely to be offered for sale in the foreseeable future. It has been in its present ownership since the 17th century. For further information on this sale or future sales, please contact Peter Hawkins at the address below.

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Saturday October 13 1979

The world goes monetarist

THE ANNOUNCEMENTS made in Washington last weekend could, if monetarists' beliefs are justified, prove the turning point in the post-OPEC era; for monetary control is now to be tried seriously for the first time as a general approach to combating inflation. This may seem an odd statement, since we in Britain have seen policy and market dominated by monetary targets, apart from one brief lapse, since 1976, and our European partners have much longer histories of firm monetary policy.

The fact is, however, that monetary policy was always in danger of erosion as long as the growth of the world's most widely held currency, the dollar, was effectively out of control. Although the Fed published seemingly restrained targets they were commonly missed by wide margins, partly because the Fed's day-to-day operations in the market were designed to stabilise interest rates rather than the growth of bank credit. In any case, the published targets failed to take account of dollars which vanished from circulation due to intervention by foreign central banks; in effect the Bundesbank and its allies were helping to produce an illusion of monetary control, to the U.S. at any rate, and substituting excessive monetary growth in their own countries instead.

In Britain, the price of relatively clean floating was a highly volatile exchange rate. General monetary stability could not be achieved without the U.S. The radical reform introduced by Mr. Paul Volcker could end this disorderly period. It is far too early to take it for granted that this result will follow: U.S. policy is still based on targets which are excessively insular, and should the dollar relax again, the Fed could again be deceived into over-expansive policies. However, it has now chosen an instrument, control of the monetary base, which could stabilise the growth of domestic credit, and by abandoning the attempt to stabilise interest rates, it has made it possible to use that instrument. The exchange markets were initially strongly impressed by the potential of the new policy, but are now somewhat more inclined to wait and see.

The effect in the UK has been rather more decisive. The markets took one look at U.S. policy, and decided that its earlier hopes of an easing of UK rates before long could not any longer be justified. Gilts took a heavy fall.

In theory, this reaction is too despairing. A regime of floating exchange rates is supposed to make it possible to pursue independent interest rate poli-

The unpredictable U.S. economy after Mr. Volcker's package

BY JUREK MARTIN, U.S. Editor

IT SNOWED in Washington this week, the earliest descent of the white stuff since records were kept; just along the road in Baltimore the World Series of baseball began in temperatures hovering above freezing; and one of the brand new underground trains shed its driver and tumbled shapely along through several stations before an alert female passenger mastered its computerised mind with a hair pin.

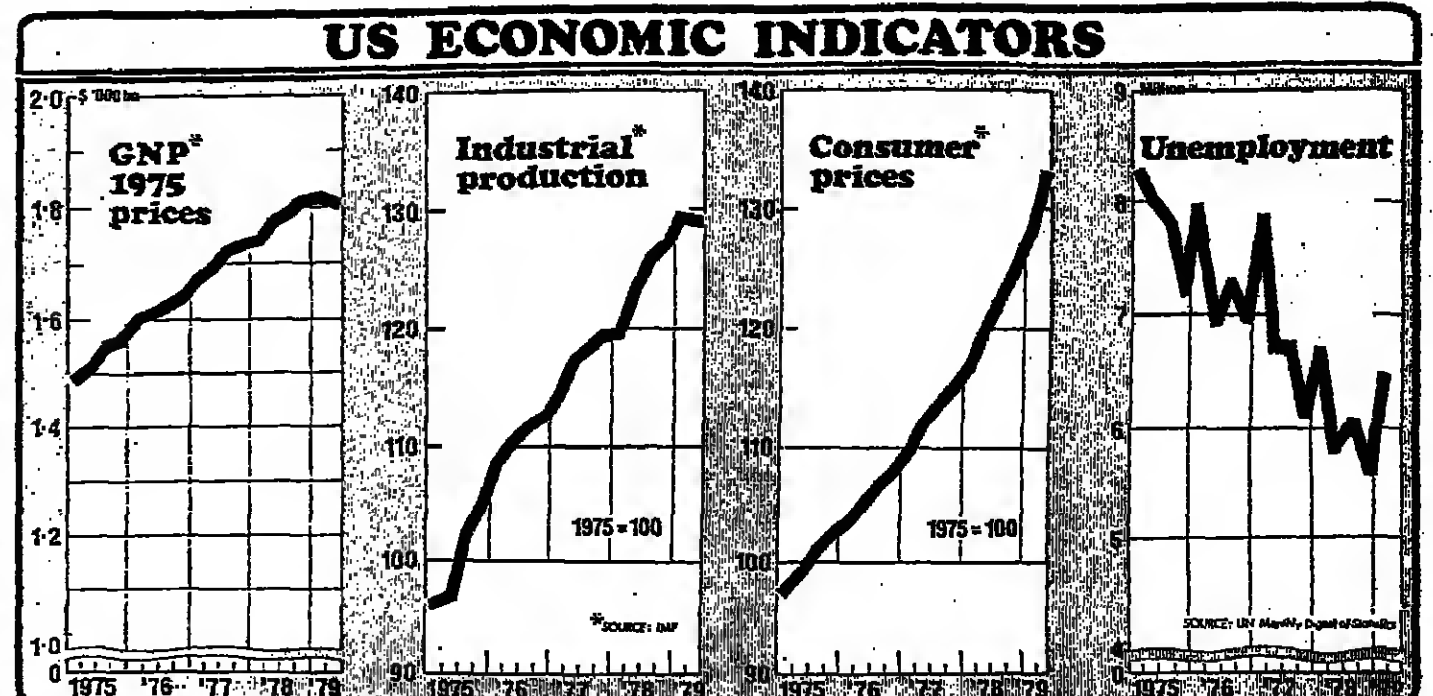
Normally blame for such portents of a long hard winter would have been laid at the door of President Jimmy Carter. But on this occasion, the suspicion in the nation's capital mirrored that to be found in the confused caverns on Wall Street: that the *deus ex machina* was a man of genuinely olympian demeanour, Mr. Paul Volcker, chairman of the Board of Governors of the Federal Reserve System, the American central bank.

Fed measure rumours

The scare stories that coursed through the country in the wake of the Fed's adopted last week of a radically changed and austere anti-inflationary monetary regime had to be heard to be believed: that a credit crunch of unrelieved dimensions was in the offing; that banks would fail; that the housing industry would collapse; that retailers unable to bear the cost of financing inventories, would stop placing new factory orders, thus depressing industrial output and sharply increasing unemployment; and that with OPEC again threatening to increase prices and cut production, the nation would be put through an anti-inflationary wringer and still come out sopping wet.

The sum of the stories was that the existing recession, which even this week Mr. G. William Miller, the Treasury Secretary, was still maintaining was already half over, would be prolonged at least until the third quarter of 1980 as well as being made much deeper. Adding to the confused gloom was the persistent belief, well founded historically, that neither a President nor a Congress, both up for re-election, would stand idly by while the economy goes to rack and ruin and the populace contemplates whom to vote for.

President Carter's strong support for the Fed's moves and the surprising absence of criticism from the new regime from Capitol Hill could not allay the deep-seated fear that the body politic would cut and run and so weaken the anti-inflationary fervour of the moment, that the vicious cycle of inflation would never really be broken. The truth is that, for all the Stygian predictions of the doom-sayers on the one hand and the palliatives of the Administration and the Fed on the other,



The kind which characterised the 1974-75 recession, when the housing market fell through the floor and inventories assumed disturbing proportions in relation to sales before being drastically run down.

It was a slim consolation, given the fact that next year's projected recovery was bound to be weak, with unemployment probably going above 7 per cent and inflation not much below double digit levels, but it was better than nothing.

But that is all ancient history. The modern era, which began last Saturday with Mr. Volcker's announcements, will test to the hilt if the economy's foundations are as solid as the Administration hopes. It is not hard to discern the vulnerable spots.

Construction, both residential and commercial is bound to be squeezed of funds. Twenty-four of the 50 states currently have usury ceilings (generally 12 per cent) which, unless lifted, could make the raising of finance next to impossible when market rates are much higher. The savings and loans associations (equivalent to building societies in Britain) have already begun to report an outflow of funds by depositors in search of better returns—and this trend was evident before last Saturday's package and presumably will get worse unless the Government raises the interest rate ceilings which tie the hands of the S and Ls.

The housing industry has a protection it did not enjoy in the 1974-75 recession in the shape of the money market certificates issued by the thrift institutions, which attracted some \$180bn of investment in their first year of operation. But even the competitiveness of these instruments is now in some doubt. Moreover, Mr. Volcker has warned all financial institutions against speculative investment—and speculative

band, with consumer debt as high and the savings rate as low as they are, with the cost of credit going up and its availability likely to become more scarce, it would be reasonable to expect the average American to draw in its purchasing horns. But on the other hand, the consumer has shown persistent resilience in the face of inflationary pressures for some time. Any trough into which he descends may turn out to be quite shallow. The best indicator of this is likely to be the level of Christmas sales.

A determining factor for all sectors of the economy is clearly going to be the lending policies adopted by the commercial banks under the new regime. The worst scenario, muttered abroad this week, is that the banks, particularly those saddled with fixed as opposed to floating rate commitments, will be discriminating in the extreme, both to finance inventories, consumers, or those companies whose prospects look particularly marginal (the name Chrysler inevitably comes to mind) — in other words a classic "credit crunch."

Militating against this is the fact that many corporations are quite liquid at present and have not yet turned bearish on capital investment. Moreover Mr. Volcker has made it clear that the Fed does not intend to cut off the flow of credit needed for the adequate functioning of the real economy, though it will frown on speculation. In this respect, he seems to have struck a favourable chord in the business community. Mr. Reginald Jones, General Electric's chairman, told a meeting of the Business Council on Thursday night that he had yet

Inventory complaints

The high cost of carrying inventories is another particular problem—and nobody is complaining more loudly at present than the nation's 28,000 car dealers. As a group it is estimated that they are paying at least \$100m a month in interest charges to finance the 1.7m cars currently in showrooms. Inventories are high because of the brief boom brought on by Chrysler's desperation discount sales policy of midsummer and the short lived euphoria associated with the introduction of the 1980 new models. But Detroit has already announced substantial reductions in output in the face of now slack demand in the final quarter of the year. Dealers, meanwhile, are caught in the bind of having to sell off bloated stocks, often at discount prices, while saddled with the additional burden of higher interest charges.

There is already evidence of discounting spreading to other retailing sectors (colour televisions, for example). What is unclear is the extent to which the consumer will respond to such inducements. On the one

Favourable chord

question of first things first. In any event, the simple application of Gresham's Law would inhibit the use of gold as a medium of exchange alongside depreciating paper money. A gold-based system, with all its benefits, could have been implemented via gold revaluation some twenty years ago; that is before the inflation rate really took off. The politicians thought better. They chose the soft option of corruptible paper with the appalling result of stagflation only too evident today. The climate for a return to the impartial discipline of the gold standard will come about only when there is an overwhelming universal desire to start afresh with honest money and low interest rates. This unhappily will be born of acute suffering brought about by the inevitable collapse of the present dollar paper standard to which Mr. Rippon refers.

Let the market, not the bankers, do the talking. G. S. Relph, 55 The Grove, Twickenham, Middx.

Heathrow

From Prof. E. J. Hobsbawm. Sir, — The scene: Heathrow airport, London, terminal 2. Company A offers refreshments to the 80 passengers on flight N, delayed by over two hours. The value of the refreshments, refundable—to whom?—against a section of the boarding pass, is \$1 per person. (I checked.) The caterer has been instructed—by whom?—to serve refreshments only to the value of 70p. Company A therefore refunds £90 for deliveries of food priced at £53.

Gold

From Mr. G. Relph. Sir,—It was refreshing to read Mr. Geoffrey Rippon's plea for gold (October 9). Such a step, however, in whatever guise, to put the cart before the horse. Gold in itself cannot reverse the inflationary process at this stage of the game. Indeed, history shows that nothing that is politically feasible can. But the metal has proved an extremely effective policeman for enforcing or maintaining an existing condition of sound money. A

Letters to the Editor

Metrication

From Mr. L. Hall. Sir,—It is perhaps not too preposterous to foresee the future peoples of the world all speaking English as the international language of the world, and all using the metric system of measurement as the international world standard. While the French appear likely to oppose the language progression to the hilt, it looks like being the British who will be lagging behind the rest of the world on metrication. As Mr. G. G. Zähler points out (October 4) the U.S. Metric Board was established last year. Congress had voted \$30m over the previous three years to encourage their education establishments to prepare students to use the metric system. The people of the U.S. are not renowned for dragging their feet once they make up their minds, and how damaging and humiliating for us if the U.S. programme is accomplished ahead of the UK—when we have been dilly-dallying with it since 1965.

Progress has been made in UK over the past 14 years, especially in education—and it is perhaps time to criticise industry for not being ready to make use of the students who are now fully qualified in the use of the metric system. The fact is that most of our industries are in a "half-way house" situation, in all that this means in terms of confusion and costly duplicated standards. Industry has perhaps gone as far as it can on its own initiatives, and having reached a state of dual-standard stability, everyone is waiting for everyone else lest they be out of step. Metrication now needs a big drive from Government to help push it through the final transition. Naturally the population at large, and bodies like the National Consumer Council are apprehensive about such fundamental changes—nobody likes big changes; nor will the intended NCC research on ordinary consumers referred to by Mr. Jeremy Mitchell (October 9) come up with any surprises, but remember how we all dreaded decimalisation over eight years ago? The worst part of that experience turned out to be the "half-way house" phase when we were continually try to convert. Of course the remaining conversion to metric will be costly (so is staying "half-way") but whatever the cost, it can only become more costly as each year passes. Leslie V. Hall, Richmond House, 34, Almondbury Close, Huddersfield, Yorks.

Chunnel

From Dr. F. Levy. Sir,—British Rail regret to announce that the EEC-Express will be delayed for three hours and 15 minutes for the reason that it was five minutes late at Calais when the Chunnel was already closed to East-West traffic. (Announcement to be made every so often if the tunnel is constructed for single track only.) No comment required. Dr. Francis L. Levy, 12, Castlegate, Richmond, Surrey

Discontent

From Professor J. Gould. Sir,—The Lombard column by Brian Groun (October 10) on the use and misuse of political language is both penetrating and timely. It gives me an opportunity to cite an important piece of current political rhetoric — the fashionable description of the industrial and social events of early 1979 as "the winter of discontent."

the discontented and why, eg, muscular pickets or their victims in schools and hospitals. The blanket term discontent also serves to play down the "legs and initiative" into which trade union power can so easily slip.

We should not accept talk of "the winter of discontent" as if it were a climatic phenomenon; instead, we should challenge the architects of the winter's mischiefs. Prof. Julius Gould, 381 Derby Road, Nottingham.

Stansted

From Dr. J. Wallace. Sir,—I am pleased that my letter on the "quiet" airport (October 2) should have produced two "anti" letters (October 6) which reveal that the real reason for the opposition is not the airport but the prosperity that will result. Travel and communications have always resulted in jobs and prosperity and have usually been opposed by some section of the community who have later enjoyed those amenities.

Neither correspondent, however, disputed my argument that we require a new "quiet" airport in the very near future. Traffic is still increasing at 9 per cent annually in spite of recent fuel problems and price increases. Flights into Heathrow are already at 60 second intervals and a fifth terminal would only provide two to three years' expansion capacity. I realise that the Heris/Essex county plans advocated a low growth rural/commuter pattern as at present. The South-East study, however, always recognised that the development of an international airport was of sufficient importance to override that policy. It would appear that the organisers of some of the unofficial bodies, forget that this will be a national airport for the capital city and it therefore affects the whole country's jobs and prosperity. Doubt has been expressed that the M11 will be able to cope with the traffic from East Anglia and the airport. No other airport approach has more than three lanes and I am sure that it will be many years before the road and the single runway need to be increased. By then the connections to the M23 and A1(M) should be completed. Stansted's great advantage is that it can be developed gradually to a master plan as demand increases. Let us hope that this time the politicians will "bite the bullet" and opt for the site that will be the earliest, the cheapest, the best for existing motorway, air-traffic control and which is already there and used as an airport. Roskill found that there was little difference in the quality of agricultural land at the sites under investigation. Stansted loses less land than at any other site including Mappin. Surely it is up to the planners and architects to ensure that the airport and its city will be an object of pride. (Dr.) J. T. Wallace, 90-96 South Street, Bishop's Stortford, Herts.

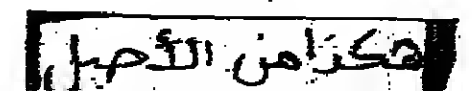
Assessment

From Mrs. M. Coombe. Sir,—If Mr. Castlemount (October 10) turns to section 39 of the 1970 Tax Act, he will find that an action for separate assessment relieves a husband from the obligation to make a return of, and pay tax on, his wife's income. No doubt his other "considerable" responsibilities are similarly avoidable. (Mrs.) Margaret Coombe, Beverley, Sunderland Road, SE23.

Tax

From Mr. M. Rankinson. Sir,—David Freud, in his interesting article "Capital tax reforms urged by CBI" (October 10) states that work is now being done by Lord Cockfield at the Treasury on capital tax reforms and that "his findings are expected to be ready for implementation in the Spring Budget."

What other investment has increased in value by 600% in eight months? Rare old Chinese and Russian bonds have proved to be among the most rewarding investments for collectors and investors over the past few years. For example, The Chinese Gold Loan 5% 1908 £20 (French) Catalogue No CA 114c. Catalogue value in February 1979 - £25. Auction price in July 1979 - £120. Current value - £175. The supply of these bonds is rapidly drying up and further substantial appreciation seems likely in this still new field. London Scripophily Centre Ltd., Dealers in rare stock and bond certificates. To: London Scripophily Centre Ltd, 5 Albemarle Street, London W1. Please send me free and without obligation your illustrated catalogue. Name: (BLOCK LETTERS PLEASE) Address: F72





# Underlying qualms at the Tory conference

THE CONSERVATIVE PARTY conference is a much more sophisticated exercise than is generally understood. Or so at least one was told by a senior Tory Minister, to whom we shall give the benefit of the doubt.

"All those people out there," he said, pointing to the delegates, "they're trying to tell us something and we have to reassure them."

The trouble with the Conference at Blackpool this year was that it was not immediately clear what the delegates were trying to say, and at least until the speech of Mrs. Thatcher yesterday afternoon they were far from reassured.

Contrary to expectations, the conference was anything but a victory rally. The general mood was one of uncertainty, of questioning and even of fear. It was as if the size of the problems to be faced had finally come home to Ministers and representatives alike.

Superficially of course, it was all as before: the rhetoric of the leadership and the applause here all there. But it was as if the confidence had gone, or at least is going. In that sense the Conservative Party is perhaps much more like the country at large than a glimpse of the representatives assembled at Blackpool would suggest.

The conference wanted the Government to succeed, but it was not quite sure that it will; on one aspect, could the conference easily have defined success.

The timing may have had something to do with it. Five months after the general election is a little late for a celebration. It is also too early for the Government to present new ideas borne of the experience of office, or to have much to report in the way of achievements. Ministers concen-

trated on listing the promises in the election manifesto that have already been fulfilled, or will be fulfilled in the near future. That was their way of providing reassurance, and indeed the manifesto in British politics has now attained the status of holy writ.

Yet the promises in the manifesto fall into two categories. There are those which are specific and which can be fairly easily carried out, such as selling off the National Freight Corporation. There are others which are less tangible such as when that will happen and all the rhetoric about it has to be taken on trust. It was as if people dared not ask: what happens if we fail?

## Free market

Nor was any great comfort drawn from the proceedings of the Labour Party in Brighton last week. It was Lord Thatcher, the Conservative Party chairman, who pointed out on the first day that Brighton had been bad news for Britain. The conference seemed to agree. The divisions in the Labour Party make the Conservatives' responsibilities all the greater.

The conference appeared to sense the onus for making the free market lie with them. If they fail, there may be no more attempts and they wonder if they can really do the job.

Time and again attention turned to winter, last winter, this winter and next. What will it be like, people were asking, this time next year when our policies will have been in effect for 18 months? There is a fixed determination that there can be no U-turn, even among those most sceptical of present policies. But that does not stop

people wondering what will happen. Will there be a confrontation with the unions, and when? How long will the Government keep its nerve if unemployment goes on rising and there is little or no growth? At what stage will it be possible to say that the corner has been turned and that things are beginning to go right? Alternatively, how bad would things have to become before those voices in the Cabinet which are now quiet began to call for a change of course?

It would be wrong to extend this analysis of a conference plagued by the Prime Minister's confidences is her greatest asset. No one is challenging her now, but in the Cabinet there are those who support her more out of hope than belief. The Cabinet as a whole is not intellectually convinced of the case for relying on monetarism, nor of the case against State intervention in industry, though it is prepared to go along with these policies and will do so for a while yet.

There was a striking example during this week's conference. One of the subjects on people's minds was the future of the Times. News of the negotiations between the NGA and the Times management was eagerly awaited, not least by Ministers who, like most of the rest of us, would regard the disappearance of the newspaper as a tragic development.

Yet there was also a firm conviction among Ministers that there is nothing the Government should do about it. To intervene now, the theory goes, would undermine the whole strategy of keeping the State apart from disputes in which it is not directly involved.

The theory runs deep. It explains why the Government did nothing about the engineering dispute in the past few



Roger Taylor

months and would still have done nothing even if the dispute had lasted much longer. Moreover not only will the Government not do anything, it is also reluctant to say anything. Even the idea of calling the parties to a dispute together for talks at something like the old Ministry of Labour, as the Conservatives would have done in the 1950s, is out, and it is out because the Cabinet believes that such an approach would destroy its policy of making people face the consequences of their own actions. If one of the consequences is the loss of The Times, so be it.

Maybe this will change eventually. Some Ministers think that it will, but it will not happen yet, and it is interesting

to speculate how serious a dispute would have to be before the Government was compelled to intervene. Again, this is a sign of the Government's policies having to be taken on trust until we see if they work. The question remains: how long does the Government have before a judgment is made one way or the other?

There was also some unease about the public spending cuts. No one is criticising them yet, though there is clearly some concern about the way they have been presented. It ought to have been relatively easy to show that they were cuts in Labour's planned but unfunded expansion rather than in the existing outlay, but the chance has not been taken. Instead the

impression has got around that the Tories believe in cutting public expenditure for its own sake.

That is an unfortunate development at a time of recession. After all, even Tories were brought up to think that when private investment is depressed, public investment should rise.

No least, there are mutterings about interest rates and VAT. The decision to raise VAT to 15 per cent is probably the most unpopular taken by the Government so far, even within the Conservative Party. At the same time, the fears about interest rates remaining high are a reminder that the new savings premium age may be still a long way off. Conservatives would like to believe that the turning

point has come. They are not entirely reassured by the evidence. It would not be completely surprising if the Government did intervene in the next few weeks to prevent the rise in mortgage rates, though the advice of the Treasury would be against.

Of course, the conference also had its lighter, and nastier, moments. It was not all a debate about the future of Britain. One will treasure for a long time the memory of the normally assured Mr. Julian Amery referring to the Foreign Minister of Zimbabwe-Rhodesia sitting next to him as 'Foreign Minister Mugabe'.

There was also the occasion when practically the entire conference stamped in applause as a speaker from the floor referred to "that nauseating Yank, Teddy Kennedy." That presumably was a case of the representatives having something to tell the platform. It could yet be embarrassing if Mr. Kennedy becomes President, since one of the first British requests to him will be to help with the next British independent deterrent.

## Responsibility

It was the same with Rhodesia. Lord Carrington had his triumph and deserved it. Foreign Office thinking now is that sanctions will have to be allowed to lapse in November, but in the hope that negotiations for a peaceful settlement will still go on. Even if the Lancaster House talks break down, there will still be the matter of new elections in Rhodesia for which Britain will have responsibility.

One wonders how many of those who hayed to end sanctions now, and who have made

a hero of Mr. Skith, realise the nature of the problem and of the difficulties ahead. What ever happens in some ways the Tories have not changed. They may have become more realistic about Britain's economic place in the world but in international affairs some of them still want to take on our friends and enemies alike.

In the end, however, the hangers and the floggers, the anti-American and the pro-Smith lobbies, as well as those who make no distinction between the question of immigration and that of race relations are still in a minority. The debate on immigration, for example, was not as nasty as it might have been. There were even some Ministers who had feared the worst, who concluded that on this matter the party is again moving towards tolerance of those immigrants who are in Britain.

Returning to the main stream, the was probably some comfort to be taken from the fact that this was not, after all, a victory rally. The Tories do not appear to believe that they represent the whole country, despite their majority in Parliament. Nor do they believe that the Government will get very far unless it can take the country with it.

They are acutely aware of past failures and of false dawns. That is probably to their advantage. Firmly tends to make for an encouraging start, even if it was not always apparent in the Prime Minister's final rallying speech.

Mrs. Thatcher may have gone further than some of her Ministers expected in her denunciations of trade union power and of the Soviet Union. But the appeal for wider support was there as well.

Malcolm Rutherford

### How Wall Street's fall hit the lives of unsuspecting brokers... the wandering ex-Guardsman who is to head the Savoy... and how offices could be a forgers heaven.



New York Stock Exchange: tumbling week.

Glyn Genu

The drive downwards continued into Wednesday—a day when for the six hours of trading and a clear up hour beyond that, Chapro did not even have time to snatch a cup of coffee. "Everybody was going around looking hypertense and saying 'they are selling. But there is no 'they' in this game, I guess panic is a fair word to use. It wasn't rational and it certainly wasn't too skilful."

The most stupid thing Chapro witnessed was a floorman who came out with a standard, although by any measure big so-called news deal in which means one broker arranging both the buying and selling end of a transaction—for a block of 50,000 IBM shares worth around \$65 each. He duly bought from his seller but the market was moving so fast that he lost his buyer as prices swept downward. "I dunno what happened to him. He should have read the market better."

By 2.30 pm old hands like Chapro, whose heads had been hard down all day mainly channeling vast quantities of information back to their office-bound colleagues, began to notice trusted specialists (the equivalent of London jobbers) starting to buy. At the same time there was a trickle of buy inquiries from Drexel's own customers. The result was a partial rally and a record closing day volume.

"It was pretty amazingly hectic, but not as exciting as a fast rising market like when Johnson announced a Thanksgiving Day 1968 that he would not run," says Chapro. "He counts the view that the exchange was gripped by some interbank generated speculative mania. Wall Street, he maintains, does reflect the world's response to the U.S. economy, and just now he thinks the world is right to be uncertain. He sees oil as the fundamental problem. Inflation as his biggest personal and professional worry and is scared to think what Volcker can do next if this latest manoeuvre fails or becomes politically unsustainable.

But he doesn't want to overdo the pessimism, and anyway he is convinced that the volume record will be broken again shortly. On Wednesday night he slept all the way from Grand Central to Scarsdale.

### Beds but not bored

If there is a section for up-market itinerants in any forthcoming books of records then Giles Shepard, the chirpy ex-Guardsman who is about to take command of the Savoy hotel group, should be in the running. In an eagerness to sample the product and meet the staff the mobile Mr. Shepard has managed 135 different hotel beds in the past three years. Shepard succeeds Sir Hugh Wontner as managing director of the group next week, a youthful appointment (he is 42) that follows a Savoy tradition—Sir Hugh himself was 32 when he took over. In preparation for the task Shepard's perambulations have taken him to rooms in all the Savoy outposts, they range from the discreet Connaught to the sleek modernity of the Berkeley, and all the time staff have found themselves in the sort of energetic conversation which is Shepard's hallmark.

"Yes I am good with people," he says with a genial twinkle, and you tend to believe him. "I always have been. It goes back to my days in the Coldstream guards when I was adjutant of the second battalion and I was responsible for a lot of people."

He describes those days in the Guards as "enormous fun," so much fun in fact that after he had finished his two years national service he enlisted for another three years, before finally leaving to join Charrington's Brewery as a trainee brewer. "My grandfather had been in brewing and I'd never really thought about anything else."

By the age of 23 Shepard was a director of Charrington's and responsible for the reconstruction programme for their London pubs. Again it was "enormous fun," he says, visiting all the pubs and deciding how to renovate them.

heading up Bulmers then newly-acquired wine division, Finelatter, Mackay Todd. In 1967 Shepard decided that he needed a formal qualification and took himself off to the Harvard Business School for a year—not only enormous fun but "tremendously hard work and tremendously beneficial."

The year at Harvard gave him sufficient business acumen to run a small London property company, Westminster and Country Properties from 1971 to 1976—again a job he enjoyed, but you get the impression that whatever the job Shepard would make sure he enjoyed it—and during that period he was invited to become a director of the Dorchester.

"I left the Dorchester when the Arabs took over and joined the Savoy as a director in 1976. It's a marvellous place to work, such style and atmosphere. I really believe that we have the best personal attention of any hotels in London and I will do everything I can to maintain that personal service. Obviously there will have to be some changes—we can't sit still like a dinosaur or we'd become extinct—but they won't affect the style or the service. We will always keep our traditional luxuries—like fresh linen, sheets every night. It's so nice to sleep in fresh linen, isn't it?"

And, be confident, there is something else. "Do you know we have the largest ladies powder room in the world?" No, I didn't, so there's something else for that record book.

### Colourful times ahead

The pages of the magazine *New Scientist* form a treasure house of often alarming early warnings. This week, amid what the business world might regard as the esoteric affairs of the Antarctic environment and the revival of a supposedly extinct Pacific tree, is the chilling news that forgery of such everyday business items as luncheon vouchers and travellers cheques could soon be imminently simple.

The invention that could be causing the authorities some sleepless nights is the colour copier. Already in the London area, Rank Xerox has some ten machines operating in the claimed security of their copy shops. More are to come. Next week Canon of Japan, the only other company currently producing colour copiers, unveils its version at the International Business Show in Birmingham. Public use, in a copy bureau, should start by the year's end.

While the manufacturers are claiming that a general office colour copier is a remote prospect—saying it's not yet commercially viable—it can only be a matter of time before many head offices have one.

This begs some very searching questions from the authorities who issue negotiable documents. Just how secure is a luncheon voucher... or a traveller's cheque... from the clutches of the increasingly sophisticated con man?

Rank Xerox is alleged to have run into trouble recently when the introduction of its colour copier in the States unleashed a plague of dud stocks, shares and bonds.

For its part Canon, which says it is not its responsibility to worry about the counterfeiting danger, admits that colour copier production is somewhat crude. Light brown can come out as anything from grey to hiter chocolate. Because of the complexities of colour, it doubts whether there will ever be the technology for like-for-like copying.

Meanwhile, the authorities are nonetheless rattled. While the issuers of airline tickets, travellers cheques, luncheon vouchers and so on, place great faith in their existing high security—overprinting, magnetised ink, coding—they are keeping a very beady eye on developments.

Luncheon Vouchers, which has nine security points on each item (including magnetic ink), reckons it can quickly spot a dud on its return to head-quarters, where it is read and checked. From there, it is not difficult to trace it back to source. But it foresees trouble down the line at the catering end. Small amounts don't worry them, it is the big-time fraud who buys one of these machines and churns out hundreds of thousands.

British Rail says it may have to revise its security methods if the copiers are very sharp and accurate. And while BR says it is nothing to do with these copiers, it is investigating a pilot scheme of rail tickets with coded magnetic strips to counteract the high cost of fraudulent travel which already loses it millions a year.

It remains to be seen whether on a busy day at Torquay station a harassed ticket collector notices a faded ticket and whether a harassed waitress laboriously checks every single voucher before fetching the sandwich.

Contributors:  
Ian Hargreaves  
Robyn Wilson  
Feona McEwan

## Economic Diary

THURSDAY: Consumers' expenditure (third quarter—first preliminary estimate). UK banks' assets and liabilities, and the money stock (mid-September). London dollar and sterling certificates of deposit (mid-September). Lord Hailsham, Lord Chancellor, and Mr. Gordon Richardson, Governor of the Bank of England, speaks at Lord Mayor of London's dinner.

FRIDAY: Department of Employment publishes the retail prices index for September. The Central Statistical Office issues the September tax and price index. London Chamber of Commerce conference on doing business with Egypt.

WEDNESDAY: Basic rates of wages and normal weekly hours (September). Monthly index of average earnings (August). Cyclical indicators for the UK economy (September). BL board meets to decide on redundancies plan. Financial Times conference Brazil—Outlook for the 1980s, opens Rio de Janeiro (until October 17). Confederation of British Industries Council meets.

TUESDAY: Balance of payments current account and overseas

# DISCOVER THE UNEXPECTED AT AUSTIN REED.



For a modest £59 Wool and Cashmere blend leisure top with quilted lining, made in Finland.  
Also in this luxury fabric—an overcoat at £75 and a Caban coat at £52.  
All available in navy or camel.  
Winter cord trousers £26.  
Just a selection from our wide range of casual wear.  
You can pay with an Austin Reed subscription account: £10 a month allows you to spend £240. We also welcome all major credit cards.  
**AUSTIN REED**  
Regent Street and Principal Cities.

## Weekend Brief

### The Day of the great fall

Alec Chapro was on his way to the Appetivo restaurant on Manhattan's 56th Street last Saturday night when he heard on his car radio the first news of an announcement by Mr. Paul Volcker, chairman of the Federal Reserve Board, that the Central Bank was to tighten its control of the country's money supply with radical new measures.

Over dinner with colleagues and their wives, Volcker's statement was the subject of only brief discussion that evening. "I knew it would be negative for bonds and that it would hold interest rates but I'm not going to pretend I knew exactly what it would do to stocks," he says now.

Returning home that night to his detached ranch style home in Scarsdale, one of New York's roomier and leafier suburbs, Chapro felt at the sack of his mind that he was in for "an interesting week."

When he reported for work at 8 am at the Board Street office of Drexel Burnham Lambert, one of the city's bigger securities brokers, on Monday, most of the U.S. was enjoying its Columbus Day holiday. Banks and many institutional offices were shut, but the New York Stock Exchange, where Chapro's Drexel's senior floor partner was open for business. Chapro's one of 2,500 souls who daily skate and occasionally wade through the carpet of torn paper which litter the plank floor of this rather parched looking cube of tin of the century neoclassicism in Wall Street.

That day, the Exchange's main trading room where the 12-year-old Chapro bases himself in one of forty or so collegiate library style booths, there was "not a lot of concern" about Volcker's package. Fresh slid in money trading, but when business closed behind the great green tinted windows—so designed to block early morning glare—Chapro did his usual end of day hour back in Broad Street at his usual 5.30 train from Grand Central Station.

By 7.15 he reached his office of Tuesday things were moving fast. There had been heavy falling of U.S. stocks by foreign holders and the New York Times and Wall Street Journal (Chapro reads on the train) the other in the office were full of gloomy suggestions about the likely side effects of Volcker's medicine.

By noon, Chase Manhattan had pushed its prime lending rate up one point to a record 14 1/2 per cent and Chapro was feeling the shadow of an avalanche of selling on the floor. "Stock markets are motivated by fear and greed. Fear just had the upper hand on Tuesday," he says. The Dow Jones Industrial Average fell over 26 points—its sharpest drop for five years.











WORLD STOCK MARKETS

Companies and Markets

Early Wall St. prices move up

INVESTMENT DOLLAR PREMIUM \$2.80 to \$1.331% (321%) Effective \$2.1600 11.9% (101%) STOCKS MOVED higher from the opening in what analysts called a technical reaction to the heavy selling during the week.

181. Renault acquired a 5 per cent stake in AMC's Common Stock and Convertible Debt that could raise the total to 22.5 per cent.

Campbell Red Lake dropped 2 to DM 1.40, while AEG closed DM 2.10. Hoehrs led Chemicals DM 1.40 higher.

MILAN—Stock prices closed lower for the third consecutive session after a wave of late sales foiled an earlier attempt at a rally.

Closing prices and market reports were not available for this edition.

and a drop in the price of gold contributed to early gains, though gold was recovering later.

AMSTERDAM—Share prices closed mostly level to quiet in a session with a weaker falling FLS 0.90, and Royal Dutch FLS 0.50.

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Banking figures released by the Federal Reserve had little impact on the market, because the rules have changed since the end of the October 3 statement week.

Oil shares were mixed as Bow Valley rose 2 1/2 to C\$29, Hudson's Bay Oil 1 1/2 to C\$27, Canadian Homebrew 3 1/2 to C\$23, and Canadian Hematite 1 1/2 to C\$23.

SPAIN—Market holiday. Hispania Day.

HONG KONG—Stock prices fell in active trading. The Hang Seng index was down 6.21 points at 639.75. Properties led the decline.

Table with columns: NEW YORK - DOW JONES, Oct 11, Oct 10, Oct 9, etc. Values for various indices and sectors.

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Table with columns: N.Y.S.E. ALL COMMON, Oct 11, Oct 10, Oct 9, etc. Values for various indices and sectors.

Table with columns: RISES AND FALLS, Oct 11, Oct 10, Oct 9, etc. Values for various indices and sectors.

Table with columns: STANDARD AND BONDS, Oct 11, Oct 10, Oct 9, etc. Values for various indices and sectors.

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Table with columns: MONTREAL, Oct 11, Oct 10, Oct 9, etc. Values for various indices and sectors.

Table with columns: TORONTO COMPOSITE, Oct 11, Oct 10, Oct 9, etc. Values for various indices and sectors.

F.T. CROSSWORD PUZZLE No. 4098. A prize of £5 will be given to each of the senders of the first three correct solutions.

Table with columns: THURSDAY'S ACTIVE STOCKS, Price, % Change, etc. Lists various stocks and their performance.

ACROSS, DOWN, SOLUTION AND WINNERS OF PUZZLE No. 4092. Includes crossword puzzle grid and solutions.

RACING BY DOMINIC WIGAN. Cowdenbeath to win Hyperion Stakes. IN SPITE of the strong claims of recent winners Super Asset and Bay Street, I believe that today's Hyperion Stakes at Ascot could well be fought out by two maidens - Cowdenbeath and Prince Spruce.

Anglo-Indian joint ventures planned. BRITISH AND INDIAN engineering and construction companies are preparing to launch a programme of joint ventures in the developing world.

NEW YORK, GERMANY, AUSTRALIA, PARIS, STOCKHOLM, AMSTERDAM, TOKYO, SWITZERLAND, VIENNA, OSLO. Multiple columns of stock market data including prices, changes, and dividends for various international markets.

CANADA, FINLAND, DENMARK, NORWAY, SWEDEN, GREECE, ITALY, JAPAN, SOUTH AFRICA, AUSTRALIA, NEW ZEALAND, HONG KONG, SINGAPORE, MALAYSIA, THAILAND, PHILIPPINES, INDONESIA, BRAZIL, ARGENTINA, CHILE, COLOMBIA, VENEZUELA, PERU, ECUADOR, GUATEMALA, HONDURAS, NICARAGUA, COSTA RICA, PANAMA, CUBA, DOMINICAN REPUBLIC, HAITI, JAMAICA, TRINIDAD AND TOBAGO, BARBADOES, GUYANA, SURINAM, VENEZUELA, CARIBBEAN ISLANDS, SOUTH AMERICA, AFRICA, ASIA, OCEANIA, EUROPE, NORTH AMERICA.



Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

Increased earnings expected by Ferodo

FERODO, France's largest vehicle components company, expects current year profits to show an improvement following strong activity during the third quarter.

Group sales for the six months ended June, rose by 23 per cent to FF 3.1bn (\$780m), or by 13 per cent on a strictly comparable basis. Net profits for the half year were FF 32.8m, against FF 31.2m, or the parent company, rising to FF 102m at the group level.

On the mechanical and electric equipment side, the company's sales have risen by 13 per cent, while in the electric equipment sector, they have gone up by 15 per cent.

Meanwhile, re-organisation of the group, which has been created by a number of mergers during the last ten years, is continuing.

Ferodo's SEV subsidiary, which brings together its electronic and electrical interests, has just announced the merger of its U.S. sales offices based in Detroit.

At the same time, the electronic activities in France are being brought together in an effort to encourage the development of new products.

First-half upturn carries Honda to record profit

BY RICHARD C. HANSON IN TOKYO

HONDA MOTOR COMPANY raised its net profit at parent company level by 54.3 per cent in the first half of its financial year to a record ¥12.1bn (\$83.6m), and has raised its forecast of full year net earnings to ¥23.5bn, from the previous estimate of less than ¥20bn, to show a gain of 46.3 per cent on 1978-79.

The improvement comes after disappointing results last year. The company, which is now cooperating with BL on the development of a new car, benefited from a weakening of the yen in the six months to August 31. This made exports easier and brought in a considerable exchange profit, in contrast with the large exchange loss made a year ago.

The company is relying on a new car introduced in the summer to boost exports (which already account for 65.3 per cent of all sales) in the second half of the year.

Production of the new model, started in September, is 30,000 units per month, two-thirds of which will be shipped overseas. It is the first new model to be introduced since late last year when the Prelude was unveiled.

At the moment, Honda is operating its plants at well over 100 per cent of their designed capacity of about 800,000 units per year. By next spring, the company will have increased such capacity to 900,000 units.

The company's half-year net profit rise of 54.3 per cent compares with a 16 per cent drop in the same period last year.

Exports of cars to the U.S. were particularly strong, rising 24.5 per cent as demand for small, fuel-efficient cars created long waiting lists. Of the 392,000 cars produced in the half year, 67.1 per cent were exported.

Motorcycle sales, once Honda's main product, were down slightly to 1.25m units, but the export ratio rose to 60.4 per cent from 56.9 per cent a year ago. Honda began production of 250 cc motorcycles in the U.S. in September, with an annual capacity of 60,000 per year.

Sales for the full year are expected to rise some 14 per cent to over ¥1,000bn.

Alternatives to merger for Bank of Adelaide

By James South in Sydney

THE SOUTH AUSTRALIAN Premier, Mr. David Tonkin has held out the prospect of alternative means of resurrecting the Bank of Adelaide should the proposed merger with the ANZ Banking Group fall through.

Local sentiment against the Adelaide's loss of identity is running high. A merger with a larger Australian bank was ordered by the Reserve Bank earlier this year when problems with property assets forced the trading banks to organise an \$450m (U.S.\$96m) rescue operation.

In a speech to the SA Parliament this week, Mr. Tonkin said that there was no point in shareholders voting against a merger unless there was an alternative "fall-back" arrangement available. It was clear from a recent discussion with the Prime Minister, Mr. Malcolm Fraser, he said, that the Commonwealth would not contemplate acquisition of a substantial interest in the Adelaide by an overseas bank.

Mr. Tonkin said that as he saw it there were three possible courses of action open to the bank if shareholders rejected the ANZ merger. One was put forward by the Western Australian businessman, Mr. Robert Holmes a Court and involved an \$40m share or note issue by the Adelaide, underwritten by a local financial institution.

It would require a substantial loan from the Government guarantee related to a share or note issue by the bank and a Government guarantee in relation to any loan.

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Getty counterbids \$631m for Reserve Oil and Gas

BY DAVID LASCELLES IN NEW YORK

GETTY OIL, the Los Angeles oil company which was an unsuccessful bidder in the recent auction for Belridge Oil, has switched its attentions to Reserve Oil and Gas, a Denver oil company.

Getty revealed on Thursday night that it had offered to buy Reserve for \$631m, or \$55 per common share, a \$51.10 per share premium over the bid made by a competing offer for Reserve Oil which had already signed an agreement to merge with Denison Mines of Toronto for \$525m.

Getty said its offer could not go through unless the other merger agreement was unwound. Neither Denison nor Reserve Oil had any immediate comment on the bid.

Reserve Oil is a fast-growing concern. Its sales last year were just over \$1.6bn, and its net profit \$30.3m. It has about 30m barrels in net oil reserves and 300bn cu feet of gas.

Getty's bid is the latest in a series of big takeovers involving large oil companies seeking to extend their oil reserves by buying out smaller companies. After Getty failed to win Belridge last month (which eventually went for a record \$3.65bn to Shell Oil), it had been expected to seek new opportunities.

The initial bidder for Reserve Oil, Denison is one of the world's largest producers of uranium. Denison's net earnings in 1978 totalled \$38.9m. The company has interests in Europe as well as North America.

Without giving figures, Mr. Shell said that Shell's U.S. oil production this year will be below that of 1978. It will also be lower than was previously expected, he added, explaining that there were four hurricanes in the Gulf of Mexico this year and the company only assumes 1 1/2 such storms when making plans for the year.

He said that U.S. natural gas production this year will be modestly below that of 1978 because of a fire at a gas plant. Other Shell officials said that Shell is receiving between \$11 and \$11.25 per barrel of oil this year in the U.S. compared with an average of \$9.06 last year.

Shell Oil chief forecasts 35% rise for full year

BY OUR FINANCIAL STAFF

SHELL OIL of the U.S. expects to be able to maintain over the full year the 35 per cent rate of increase in net profits established in the first half, according to Mr. John F. Bookout, president. He said that the company expects profit gains in the chemical and exploration and production areas, along with at least maintained performance from sales of oil products.

Shell's exploration and production earnings climbed by an average of 16.5 per cent a year between 1972 and 1978, when they totalled \$515m. Mr. Bookout said that the gain will be considerably higher this year.

CHICAGO—Central Soya, the soy processing and animal feed concern, believes that expansion and improvements in its feed and farm products are laying the groundwork for higher earnings in the years ahead, according to Mr. Douglas G. Fleming, the company's president.

He repeated an earlier forecast that the company will report earnings for the year ended last August 31 of \$2.20 to \$2.30 a share, against \$1.94 in the fiscal year of 1978.

Poultry products had a very fine profit year "despite a drop in broiler margins in the fourth quarter," Mr. Fleming said. He said that feed and farm supplies showed a strong earnings increase, while commodity operations had a good year.

Food products earnings were a disappointment, he added, because the company's edible oil business had only a modest earnings gain last year, but should have "a very fine year" in fiscal 1980, said Mr. Fleming.

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Upturn at Moore McCormack

BY STAMFORD

Moore McCormack Resources, the transport and natural resource concern, raised net income in the third quarter by some 47 per cent, to about \$15.8m, or \$2.79 a share, from the \$10.9m, or \$1.90 a share in the same period of the previous year, according to Mr. James R. Barker, the chairman, and Mr. Paul R. Tregerth, the president.

Third-quarter revenue also rose about 47 per cent, to \$147m from \$100.1m. Earnings for the full year, it was estimated, would be up about 20 per cent from the previous record \$33.3m, or \$5.85 a share, in 1978.

Net income for the nine months was put at \$29m, or \$5.08 a share, up about 29 per cent from \$22.4m, or \$3.93. Included in the third quarter consolidated results are the earnings and revenue of Florida Mining and Materials Corporation, the cement concern. Moore McCormack acquired a 65 per cent of Florida Mining in July 1. It is expected that Moore will acquire the full 100 per cent before the end of this year.

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Poultry products had a very fine profit year "despite a drop in broiler margins in the fourth quarter," Mr. Fleming said. He said that feed and farm supplies showed a strong earnings increase, while commodity operations had a good year.

Food products earnings were a disappointment, he added, because the company's edible oil business had only a modest earnings gain last year, but should have "a very fine year" in fiscal 1980, said Mr. Fleming.

Without giving figures, Mr. Shell said that Shell's U.S. oil production this year will be modestly below that of 1978 because of a fire at a gas plant. Other Shell officials said that Shell is receiving between \$11 and \$11.25 per barrel of oil this year in the U.S. compared with an average of \$9.06 last year.

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The First Viking Commodity Trusts

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Higher BHP dividend

By Our Sydney Correspondent

AUSTRALIA'S largest company, BHP Billiton Proprietary, has lifted its interim dividend from 15.5 cents a share to 17 cents for the half-year to November 30.

BHP held its dividend steady at 80.5 cents for the three years to May, 1977.

Radars win battle for store chain

BY OUR FINANCIAL STAFF

THE FRENCH supermarket group Radar has triumphed in the battle for the retail store chain Paris-France. The latter has recommended shareholders to accept the FR 305 per share offer from Radar, which values Paris-France at \$100m.

Paris-France said yesterday that administrators representing 32.8 per cent of its capital are prepared to ensure the success of Radar's offer, which is conditional on at least 20 per cent of the shares being tendered.

An offer for a similar amount of the stock by the department store group Au Printemps at a price of FR 250 a share was firmly rejected by Paris-France earlier this week.

Market Reports

BASE METALS

COPPER—Sharply higher on the London Metal Exchange following news that a road/rail strike in Zambia had been destroyed. Forward metal opened around \$240 and weakened to \$230 owing to a rough but liquidation and week-end book building. It then rose to \$249 prior to the Comex opening.

ALUMINIUM—Firm. After opening at \$767 forward metal fell sharply to \$752 following forecasts of a substantial rise in warehouse stocks. However, the level below the previous week-end interest and week-end book-building which saw the price recover strongly to \$777, a rise of \$10.

NICKEL—Official + or - p.m. -1 or -1.10. Spot: 81.15 + 1 81.64 + 1 81.78 + 1. 2 months: 78.7 - 1 77.6 - 1.0

WIREBARS—Three months \$246, 45, 65, 65, 65, 65. Korb: Three months \$236, 28, 38, 38, 38. Korb: Three months \$242, 40, 38.

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AMERICAN MARKETS

NEW YORK, October 12

GOLD RETREATED from its best level of \$370.00 to close at \$368.00. Silver advanced to a new high of \$16.80. Wheat futures advanced to a new high of \$2.15.

COFFEE—Yesterday's Close + or - Business Done. November 1801.08 -25.0 1814.00. December 1804.41 -25.0 1817.41.



BOOKS

Next in line

BY C. P. SNOW

Charles, Prince of Wales by Anthony Holden, Weidenfeld and Nicolson, £8.95, 313 pages

This country was lucky to have on the monarchy. One hundred years ago, some detached observers would have bet much money on it, and wouldn't have thought it specially important. In that they showed a lack of social insight. By chance, not by judgment, we managed by cherishing the monarchy to split off executive power (that is, political power) from any kind of exalted veneration. Such a kind of veneration is produced by what they call "mana". This is something which most people feel very easily and carries the fatal infection of religious hush. Not many British citizens feel much of a religious hush when they go into No. 10 Downing Street. A high proportion of them do feel it in the doxy world of Buckingham Palace. Mana and power have become neatly separated. The interesting thing is, a good many Americans feel the presence of mana as they enter the White House. Their voices change as they speak about the President, whoever he may be. Mana and power have become indivisible. This can have serious consequences. It inflicts psychic wounds when things go wrong with the holder of the Presidential office. We haven't any right as a rule to congratulate ourselves on our political instinct. The last 30 years tell their own bleak story. But in our attitude to this monarchy we were wiser than we knew. At this moment the monarchy is the only thing about us in which well-wishers from other countries are genuinely interested. Anyone who travels at all has met this curiosity, usually affectionate, again not free from the presence of mana. You can meet it in unlikely places, including the Marxist world. Hence a public for books about royal persons. Hence books such as this one, Anthony Holden's biographical sketch of the Prince of Wales. On the whole, biographies of living subjects ought not to be encouraged. The writer normally can't have access to anything like the full truth. If by any fluke he does know it, he can't tell it. That said, Holden's book is good of its kind. He is one of an excellent group of British journalists in their thirties, who can hold their own, on equal terms, with their American contemporaries; and that is praise. In writing about Prince Charles, he is neither sycophantic (which would be a bad fault) nor malicious (which would be worse). He has affection and respect for his subject and treats him as a man. He has picked up a lot of information and plenty of gossip. Most readers will have no means of assessing it for themselves, and will have to depend on their trust in the author. Judged by the text and nothing else, the picture of the personality is certainly vivid, and reasonably self-consistent. Being born Prince of Wales must be a curious fate. In one sense, of course, it means privilege on an almost limitless scale, freedom of choice such as Walter Mitty might realise if his dreams came true. But is that real? Ultimate freedom of choice is almost as destructive as no choice at all. For a man who is both hyperconscious and hyperactive—this can safely be inferred from the evidence—some aspects of existence are likely to be a continuous frustration. The result appears to be that the Prince tackles almost anything, including things he doesn't really like, forcing himself to be a kind of universal professional. There is much to admire about this excess of duty, but elderly wisecracks would feel that, in the end, it must impose abnormal strain. There is another aspect of the Prince's fate. He was born to superlative privilege, which may be one strike against him. In a loving and harmonious family, he was also born to an exceptional father, which is not likely to make things easier. The best prescription for being able to use all of one's capacity with maximum freedom, is to have an inadequate father. You may lose excitement, you may even lose love, but there is nothing on your back. This isn't cynical, just historical—reflect on characters who have been able to display their gifts as though there wasn't a breath of resistance in the air around them. Now no one could call the Duke of Edinburgh inadequate, in any way whatsoever. As with the Prince Consort, he has more talents than most people on the scene. It is a pity, exactly as with Albert, the country hasn't been able to use him sensibly. For almost any son, however loving the relationship, unless the son had widely different gifts and temperament, a father with Prince Philip's dynamism and eminence would be hard to compete with. Many sons in these circumstances give up and become amiably passive or alternatively wasters. A few, with strong wills and consciences, expose themselves to any amount of tension in order to justify themselves at the father's level. It doesn't make for a serene life. As I said, I don't believe that biographies of the living should be written. But I confess that I read this one with interest, and went on reflecting as to what condition is it most fortunate to be born into.



Prince Charles: brief encounter in Fiji

Fire gone out

BY MALCOLM RUTHERFORD

Final Term: The Labour Government 1974-1976 by Harold Wilson, Weidenfeld and Nicolson and Michael Joseph, £8.95, 322 pages

Few political reputations in recent years can have declined as fast and as far as that of Sir Harold Wilson. Indeed it is difficult now to recall, how his very presence in a room used to have an electrifying effect. In the early 1960s the then Mr. Wilson had wit, bite and ambience as well as humanity. He seemed also to have vision. Yet he turned out to represent a future that didn't work. One of the reasons for his current obloquy, one suspects, is his own refusal to admit that anything much ever went wrong. Anyone seeking to construct a defence of the Wilson years would be obliged to argue that he held the Labour Party together in difficult circumstances, that his governments introduced some useful social reforms and provided a framework for state intervention in industry that fell short of outright nationalisation. What more could have been done? By implication, that is very much the line that Sir Harold takes himself in his book on his last years in office. He concludes: "In my view a constant effort to keep his party together, without sacrificing either principle or the essentials of basic strategy, is the very stuff of political leadership." One has only to look at the proceedings of the Labour Party conference in Brighton earlier this month to see the truth of his remark. Without a leader capable of bringing the factions together, the future of the party seems dim. Sir Harold has also not yet been proved wrong in his claim that under his stewardship Labour became the natural party of government. "No longer just a party of protest—while in fact embodying in government our ancient role as the party of protest against social evils and economic inequities." Labour has been in power for 11 of the last 15 years, and it would be rash to write off its return if it can solve its problems of opposed factions. The point which Sir Harold consistently misses, however, is: surely the future was meant to be better than that? The Wilson governments stumbled from one crisis to another, industrial relations and pay-raises, sterling and the same cycle over and over again. On the very day that the Prime Minister had planned to announce his resignation, for example, he arranged to be called at 6 am to hear the latest market reports from Singapore. If the reports had been good, the announcement would have been postponed. Such an episode reveals a great deal about Wilsonian planning. The failure of this book, and indeed the failure of Sir Harold Wilson, is the refusal to stand back and ask: what went wrong? The young Mr. Wilson promised growth, but scarcely achieved it. He also promised efficiency, but the record of the Labour Government 1964-70 and 1974-76 was arguably even less efficient than those of the Tories before.

Was there perhaps something wrong with the machinery of government? Did the rise of trade union power make the pursuit of growth without inflation almost impossible to achieve? Maybe there was something wrong with the Labour Party itself, or even with Sir Harold Wilson? Or was it perhaps the psychology of the British people which preferred things as they were? None of those questions are even asked. Instead it is a matter of one unexpected crisis after another. One day, for instance, the Prime Minister was shocked to hear that British Leyland was facing a liquidity crisis. It is the reader who is shocked by that remark. Why did the Prime Minister not know before? What sort of government was that? To borrow a phrase from the earlier Wilson period, once again the Government had been blown off course. The trouble is that by that time it was very difficult to know what sort of course the Wilson Government was meant to be on. It might be possible, as I said, to build an elaborate defence by arguing that things could have been worse. But Sir Harold has not really done that. It rarely even seems to occur to him that a defence is required. This book contains few insights and fewer of the vignettes which from time to time enlivened his record of the Labour Government 1964-70. There is an interesting glimpse of Mr. Brezhnev appealing for the survival of the white race, but there is not much more. It will be hard to convince one's children that Harold Wilson was once a man of fire, even if he probably always was a conservative at heart.

Fiction

Prodigal Dad returns

BY MARTIN SEYMOUR-SMITH

The Skaters' Waltz by Philip Norman, Hamish Hamilton, £8.95, 331 pages

Treasures of Time by Penelope Lively, Heinemann, £4.95, 199 pages

When the Tree Sings by Stratis Havlaras, Sidgwick and Jackson, £4.95, 219 pages

Born with the Century by William Kinsolving, Collins, £5.95, 315 pages

Shadow of the Moon by M. M. Kaye, Allen Lane, £5.95, 614 pages

A Lucky Fellow by Jeffrey Simmons, W. H. Allen, £5.50, 257 pages

The Skaters' Waltz is Philip Norman's fourth and, by a long chalk, most substantial novel. The author combines the logical expertise of a Sunday newspaper "investigative" journalist, interviewer of figures as diverse as Elizabeth Taylor and Colonel Gadhafi of Libya—with the (qualified) enthusiasm of a reporter on the Rock and Blues "scene". His earlier novels combined the light-heartedness of Woodhouse (who raised him) with the wryness of Salinger; they were witty, but a little feather-like in that they tended to float away from the mind when gratefully read. The Skaters' Waltz is more memorable. It is about both the sensibility of a boy, Louis, shattered

by the state of perpetual war between his parents, and the history of an able, handsome, doomed man—his father. It begins when the thirteen-year-old Louis, who has been living alone—deserted—in a gloomy seaside flat on the Isle of Wight, finds that his father has returned. This unhappy and unwelcome man, an ex-RAF officer, is shown to us through the uncomprehending and yet sensitive eyes of the boy, who suddenly becomes a new issue (on what is no more than a whim) in the pointless marriage. The boy, we realise, will probably survive. The tragedy is that of the man. The settings—1950s pubs, country hotels, and finally the seaside—are vividly and carefully evoked; they will be recognised with nostalgic pleasure by those who lived through those times. It is a sad, often comic, accurate tale; ultimately it is a grim one because contained within the account of the ordeal of a boy is another of a ruthless exploiter whose evil is both a waste and, eventually, self-destructive. Philip Norman well conveys the horror of having such a father. Treasures of Time is less assured and convincing, but is intelligent and quite elegant. It is centred on the personality of a dead archaeologist who became famous as the result of a dig on a Wiltshire Neolithic site. Now, five years after his death, the BBC is doing a television programme about this

dig. His daughter Kate, who liked her father too much for her own good, loathes the prospect. His widow is delighted; she can thus attract the public attention she hitherto lacked. The programme itself involves falsities and distortions: TV wants a story, and is not too particular about its proximity to the truth (which is, perhaps, not "televizual"). The weakness of Treasures of Time is that it adds little to what the sort of person who is likely to read already knows; it is psychologically acute—but to make the necessary impact it needs to be deadly. This time the author is too generous for that; but if she spurns her claws... Stratis Havlaras is a Greek poet who worked in his own country until he was over 30, when he went to the States (1967); later he began to write in English. It is a shame that his competent and readable first novel, When the Tree Sings, should come to us so wrapped in superlatives. I don't if words like "stunning," "marvellous," "heartwarming," "classic," "superb," "haunting" and "terrifying," when piled on top of one another, help to sell a book: if it is all that good it will sell itself. It is unfair to the author, who is no Tolstoy. When the Tree Sings is a bid to re-create the success of Kazantzakis' Zorba the Greek—or at least, it is on the part of its American publishers. Actually the author has much of his own to say in this story of

a boy's growing up in the time of the German occupation of Greece. He tells his own story in an "epic" narrative style, rather mannered but mostly effective. The characters are well and straightforwardly drawn, and while the effect is not "emotionally shattering" it is strong. The evocation of Greece in time of trouble is authentic. Born With the Century is described as "the novel by William Kinsolving, which some might think was jumping the gun a bit—until they read that the author wants to 'thank Twentieth Century Fox for taking a gamble.' This 'epic novel, as vast as America itself' is no more than the book before the film (unless I have missed the film) about Magnus Macpherson who made whisky (the author's spelling) and 'destroyed the people he loved.' It is a good read when you have influenza (or when you just want to rest), and I hope it will be in my univisual imagination—with Burt Lancaster as the lovable old body. It is very competent for what it is. Shadow of the Moon follows the author's best-selling The Fur Pavilions, which was praised as an adventure story by the late Paul Scott. It is again set in India, on this occasion at the time of the Mutiny—the story of which it tells. The high-mantelism will not be everyone's taste; but the background is not by means inaccurate. Palms "gasp" in the heat, and the book is by no means bad enough for me to divulge



Penelope Lively: delving into a dig

whether, after 614 packed pages, everything turns out for the best. The author is a mistress of a perverted style, and she keeps it up passionately well, and in the best traditions. She deserves praise for her skill, industry and truth to historical if not always, perhaps, to psychological fact. Jeffrey Simmons has written, in A Lucky Fellow, a knowing and sophisticated novel about an actor who, when his marriage fails, becomes a compulsive gambler. His hero, an able man, becomes involved with international espionage, and it seems that he is going to be as unlucky in that as his gambling has been. A good ironic thriller, containing some excellent observation.

Hostage game

BY RACHEL BILLINGTON

Cannibals and Missionaries by Mary McCarthy, Weidenfeld and Nicolson, £5.95, 368 pages

Cannibals and Missionaries is a game, explicitly so, with a diagram and solutions on page 287. It is perfectly acceptable for a novelist to use her characters as pieces in a game of her invention. Iris Murdoch does it very successfully. Yet the pieces in her books, recalling the game of chess in Alice in Wonderland, have an anarchic life of their own. The author's finger moves them with a long-distance delicacy which encourages surprise, humour and suspense. The danger of fictional game-playing arises when the game is directed too insistently. When every move is plotted down to the last angle. This is a particular temptation for the intelligent, highly-educated writer whose mind is fully charged with information relevant to her characters and story. Why should she risk letting them go it alone? But without this control there is no creative art. Research, theory, discussion, the matter of non-fiction, take over. The novel opens with a long description of the Reverend Frank Barber's leave-taking from his family. It is a set-piece of brilliance. Never has been a liberal American religious been

more securely pinned to the board. Every move, every gesture, every thought is documented. Furthermore, the Reverend seems to present himself, despite the author's continuing third-person control. Miss McCarthy performs this difficult feat continuously throughout the book, switching from character to character. It not only enables her to put varying interpretations on events, it also enables her to tell us everything about everyone. Only a very intelligent writer would know everything. Only a very good one would be able to write it down. But then comes the basic question: What does it all add up to? Would the cannibals and missionaries have paddled their canoes more effectively in a series of lectures? What is it all about? Answered simply, Cannibals and Missionaries is about a hijacking. It is set in 1975. A group of liberals are on their way to Iran to try to uncover the wrong-doings of the Shah's régime. A group of American millionaires are on their way for a tour of Iran's art-world. The hijackers, a mixed bunch of Dutch and Arab, plan to snatch the liberals but accept the millionaires as their unexpected hoans. Their objectives are unclear. Hijackers take the hijacked to a lonely house on a Dutch polder. There they are joined

by additional hostages. The time they are not German. The most important paintings from the millionaires' art collections are flown over from America and dropped down on their helicopter. Most important of all is a Vermeer which becomes a catalyst for the emotions—both captors and captives. It comes as a startling relief to the shifting sands of argument and counter-argument. For a moment we are in the land of the thriller again and not the forum of Miss McCarthy. Of course there is no reason why Miss McCarthy should use the novel in any way that pleases. As long as she can hold her audience. In her acknowledgements she says, "I think warmly of Hanna Arendt who heard a lecture I gave at the University of Aberdeen on 'Art Values and the Value of Art'" and said afterwards, "You should draw on that as a novel." In the event she made it the centre of a novel, a great picture worth more than a human life? As she sits on the polder lengthways, the question preys on hijackers' hostages alike. Between the two they examine its every implication. The political look to the book disappears. So, indeed does the idea of escape or rescue. The balance tips irreversibly. Even in such experienced hands as Miss McCarthy they to a lonely house on a Dutch polder. There they are joined

In short—Verdicts, gossip and hearsay

Loose Talk by Tina Brown, Michael Joseph, £5.95, 187 pages

Back in the halcyon days of weekly journalism, when the ability to produce literate English was still a prerequisite for inclusion in the New Statesman, I first saw and admired Loose Talk by Tina Brown. I thought she had come a long way since then, the particular "girl" of her own: the red-tape doris of the Marbella Club, printed in this collection of her journalism, still as high, exemplifying her "writing" in the literary

logue, unwarily proffered by the unwise, and mercilessly corralled by the final crack of the authorial adverb. In the best of these pieces, she encounters the publicity freaks of the 1970s: Arnold Schwarzenegger ("He's so gross" brazier "a waitress ecstatically"); Roddy Llewellyn ("Don't quote me on this but Trump is so much nicer at nine o'clock before all the footballers arrive"); Barbet ("Close to Bardot's eye make-up is recklessly applied"). Some of the best pieces are extended accounts of Ms Brown's forays into the lives of those not entirely crucial to the British economy: the seedy latter day

gunshoes, the pub strippers, and, in one wickedly hilarious tour de force, Playboy hunnies. The Bunny Mother is "a bunny who rose to middle management, a walking symbol that bunnies can and will go to the top". Her wit is reckless and ruthless, but sympathy softens the portraits of self-publicists, even more of the pathetically aspiring ones: "Geschi's bruised brown eyes scan the restaurant doubtfully. 'All my ex-boyfriends' she insists 'send me Christmas cards'." She only goes adrift when she tries extended essays: her own verbal fireworks too often go up in her own face. Like all the wittiest and best English writers, her strength lies in the exact observation of the minute, subtle embarrassments of class unease. We live in an age which spawns new sub- and in-groups every day, from punks to Arab punters and their molls. Each group has its conventions and, Tina Brown must continue to chronicle them. MARY HOPE

administrative law and Lord Devlin's firsthand experience of the dossier method of trial adds interest to his comparison of the English adversary system with the civil law inquisitorial system. He advocates the high-dution of the inquisitorial system as an alternative mode of civil trial in the High Court which, he guesses, would be cheaper in appropriate cases. In the criminal process, he is not willing to abandon jury trial but recommends the use of the inquisitorial system to prepare the case. Leaving the decision to prosecute to the police gives them a vested interest in showing they are right and cases such as Virgo demonstrate their tendency to treat as mistaken evidence any thing which contradicts their opinion of guilt. The acquittal rate is lower in countries where there is an independent examination. Lord Devlin is opposed to judges being employed in creative lawmaking which he defines as using the law to generate a change in the consensus of opinion in the community. Activist lawmaking, meaning keeping pace with the changes in consensus, receives his approval to some extent. But how are judges aware of the changes in consensus? What knowledge do they have of the sociological background against which the laws they are interpreting operate? He reserves his most scathing comments for those who are in favour of judicial training. Criminal judges should not be penologists, he argues; they should apply the law and leave the question of treatment within the sentence imposed to others. This is too simple. The criminal judge has great discretion including whether to imprison or not. As he says, the judge of today

leads an active life. But visiting prisons, sitting on government committees or devoting time to his Inn of Court or old university is not the broadest base from which to learn of changes in the consensus. Lord Devlin writes with wit and pursues his arguments with relentless logic. His delightful turn of phrase and avoidance of legal technicalities help to make this a stimulating collection of essays. DIANA RAWSTRON

The Mellons: A Chronicle of America's Richest Family by David Koskoff, Harper and Row, £6.95, 600 pages

Today, the Mellon wealth must be reckoned in excess of \$5bn. When Fortune updated its league table of American rich, three Mellons were included among the top eight. Dupont and Ford were grouped with the Rockefeller, among the mere super-rich. Only Daniel Ludwig and the heirs of Howard Hughes and Paul Getty, now come to anywhere near.

The public face is well known—the individuals are the least known of the U.S.'s richest people. They like it that way. The "Mellon patch" hosts Judge Thomas Mellon—founder of the family fortune, horn on a potato farm in Ireland; Treasury Secretary Andrew Mellon, "under whom three Presidents served"—remembered as the man who caused the Great Depression (in-correct); Larry Mellon—the "Schwarzer of Haiti"; suicides, drop-outs, hippies, victims of unsolved disappearances, big-game hunters (one recently hagged a tiger "for old time's sake")... all written up in ironic and worldly style. JOHN DUNSTAN

Lawrence in love

BY PETER KEATING

The Letters of D. H. Lawrence, Volume 1, 1901-1913, edited by James F. Boulton, Cambridge University Press, £15.00, 575 pages

The first of D. H. Lawrence's letters in this splendid new edition is dated September 1901: it is a very formal application for a job as a junior clerk in a Nottingham firm that made surgical appliances. Lawrence was sixteen years old and the letter was probably composed by his elder brother. The closing letter of the book is sent from Bavaria to Helen Corke, one of Lawrence's closest friends from the time he had spent school-teaching in Croydon. 'I may come to England for a short time', he writes. 'I don't want to go back to Italy. I don't want to live in England any more.' The letter is dated 29 May 1913, the day that Sons and Lovers was published in England. The mood of self-imposed exile is already established.

In these twelve years we see Lawrence as a student at University College, Nottingham; as a school teacher ("Think of a quivering greyhound set to mind a herd of pigs and you see me teaching"); and as a young writer making his way into literary London, meeting famous writers like Ford Madox Hueffer, H. G. Wells, W. B. Yeats, and Ezra Pound, and publishing his own first poems, short stories and novels. They were also years of old relationships being broken and new ones formed—the death of his mother, the break with Jessie Chambers (Miriam of Sons and Lovers), his engagement to

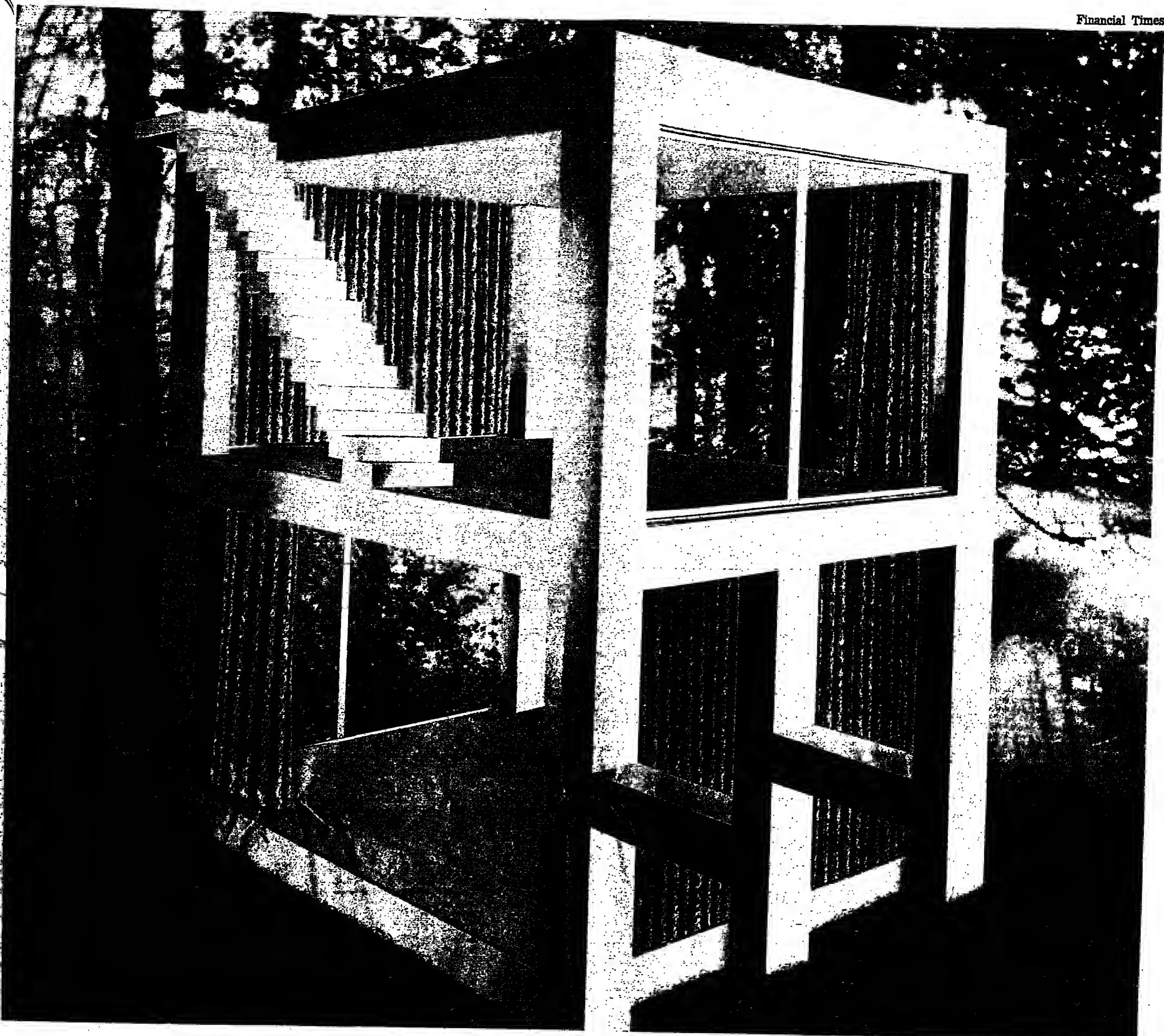
Louie Burrows, and the elopement with Frieda Weekley. Lawrence's letters are crucial to an understanding of his inner life: they are, in the finest sense, autobiographical. He loved to receive letters, and to write them, and he knew very well that there was an enormous difference between his own letters and those sent to him. 'I go easily on paper', he tells Blanche Jennings. 'There is quite a lot of me in a letter; in return I get—no not from you, oh no—a bundle of news. I hate letters that one might entitle 'News of the Month—the Slowcombe Advertiser.' It was his fate he complained to get such letters, but how could it have been otherwise? It was Lawrence, not his relatives and friends, who was in a constant state of personal and artistic transformation during these years, growing up and into and from and towards: friends, books, ideas, his writing—all are tested against his uncanny grasp of what he himself wanted out of life. He keeps telling correspondents that he is not really as rude or unpleasant as he sounds; he's really rather nice, he insists. But he isn't, not in any conventional sense at least, and couldn't be. He is quite ruthless and egotistical. Throughout the letters there is barely a moment of diffidence, though there is some vacillation and the young Lawrence could be vain and affected, especially when bragging with adolescent self-consciousness about his various girlfriends. Yet even here there is little dishonesty: it is more a stunned bewilderment at the number and dominance of women in his life.

He can make jokes about it ('Seven girls are coming to tea today to wish a farewell tea into our best saucers') and insist that he much prefers the company of men, but it is also apparent that the search for a personal relationship of total commitment that was to be so important in his later work, is already well underway. In March 1912 one stage of that search ended when he met Frieda Weekley, the wife of a Professor of French at Nottingham. From that moment Frieda enters Lawrence's life like a change. "You are the most wonderful woman in England," he tells her immediately; and to Edward Corbett who figures strongly in these letters as Lawrence's unofficial literary adviser and agent, he confides, "She's the finest woman I've ever met... You must see her next week... Oh, but she is the woman of a lifetime." Lawrence had found in Frieda the woman he could reverse and with whom he could achieve sexual liberation. At the end of this volume of letters he is delightfully happy. These volumes will tell a slightly different story, though surely regret will not be a part of it. Meanwhile, James Boulton has given an exciting start to the edition, bringing to his task the essential editorial qualities—a passion for accurate annotation and literary detective work. When completed the edition will consist of seven volumes, containing more than 5,000 of Lawrence's letters, and revealing gradually, stage by stage and year by year, the autobiography of the greatest English writer of this century.

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WHISKY 1

Industry rides out its problems

BY CHRIS PARKES

POSSIBLY THE greatest strength of the Scotch whisky industry is that its product is one of the world's few truly international drinks. It is sold in every country, except those where imports are forbidden for religious or political reasons.

But while its export record is admirable—some 85 per cent of all sales go abroad—the responsibilities and difficulties associated with maintaining this trade and the necessary back-up in a protectionist environment are burdensome, to say the least.

As recession bites, there is a tendency for importing nations to act against imports to protect their home industries. A recent National Economic Development Council (NEDC) report claimed the drink now faces some 350 identifiable government-imposed barriers to free trade. Producers have stumbled over European Community regulations, and there is the growing problem of imitation "scotch" whiskies marketed in distant parts.

The industry insists that given careful nursing and close liaison with various government departments it can ride out most of the problems. Scotch is special, they say, and it has consistently withstood all kinds of pressures and still commanded a premium.

There is no denying, however, that the boom in exports of the 1950s and 1960s is unlikely to be repeated in the foreseeable future. During those heady years exports increased by an average 9 per cent a year. Since 1971, growth has slowed to about 5 per cent a year on average and one recent study claimed that, since 1974, expansion has been even lower.

The broad range of difficulties already mentioned has contributed largely to this dampening down, but as stockbrokers Wood, Mackenzie highlighted in a recent analysis, most of the slowdown in overall growth has been due to the U.S. market. Customs and Excise figures show that between 1974 and 1978 exports of Scotch to the U.S. fell 1 per cent while sales to other overseas markets rose 7 per cent. Last year 77 per cent of all Scotch sales went to the U.S., compared with 44 per cent in 1971.

Apart from the ferocious competition in the U.S. drinks market and the discriminatory rates of duty levied there, much of the blame for the loss of ground is laid at the door of the Scotch-makers themselves. Wood, Mackenzie criticised producers for neglecting the

changing tastes among consumers, particularly the young social drinkers who tend to prefer lighter flavoured drinks, taken with mixers. To back its arguments the company points to the strong sales of vodka and other bland spirits, the success of Hiram Walker's promotion of Canadian Club as a drink for younger people and the solid demand for J and B Rare and Cutty Sark which sell well on their "lightness."

The Scotch industry retorts that the real test comes as the younger drinkers grow older and their tastes, preferences and aspirations mature. Advertising is consistently aimed at the 35-plus age-group and focused on Scotch's high-quality, even exclusive, image.

In the U.S. and elsewhere, however, this image has been hurt by the appearance on the market of many brands of inferior-quality "scotch" usually types with a low malt and high grain whisky content. The standard reputable blend contains 35 per cent malt and 65 per cent grain spirit.

Opportunist bottlers snapped up the fruits of a period of over-production in the mid-1960s and have been selling their inferior blends at as little as half normal export prices for better-known standard brands. "cowboys" have been blamed for the lack of progress with Scotch sales in the huge drinks market in West Germany. It is said that largely because these backstreet blenders have been dumping there, Scotch proper has only a 3 per cent share of the total spirits trade.

However, the industry now claims that the excesses of the 1960s have been mostly sold and stocks and current production are back in line with current and forecast demand. Indeed, some in the industry fear the controls on output have been overdone and that there could even be shortages of some types of whisky for blending in the next five or six years.

Accurate demand forecasting is vital in the whisky business. The production line cannot be slowed down or speeded up to match short-term sales fluctuations. Whisky has to be stored and matured for at least three years before it can be blended and sold, and no company is happy to have finance tied up in excess reserves especially at current interest rates.

Given the need for accuracy, it is not surprising that reputable estimates of future demand tend to coincide closely. The

NEDC forecast that between 1978 and 1991 world demand would increase by an average 4.4 per cent a year. Distillers Company, the giant working whisky companies, is working on a range of 4 to 5 per cent, while Wood, Mackenzie plumps for around 5 per cent per annum for the next five years.

The general view is that in the short-term, future annual sales to the U.S. will pick up and increase by an average 2 per cent, thus maintaining Scotch's position in the drinks market there, while the figure will be closer to 10 per cent in the strongly growing markets in Africa, the Middle East and Latin America. Trade in the UK should expand by between 1.5 and 2 per cent a year.

While such prospects appear comforting, shorter-term difficulties can wreak havoc with such projections. In the first half of this year, for example, worldwide trade in Scotch fell 7 per cent to 43.7m proof gallons. Greatest influences were the transport strikes in Britain and the lack of off-take among American buyers who had stocked-up heavily last year, ahead of price increases. As a result, between January and July, sales to the U.S. fell 16 per cent.

In Japan, on the other hand, the strongest market in Asia, imports were 11 per cent higher during the half year at 5.4m gallons. Venezuela, the biggest and most volatile buyer in South America, took 56 per cent less than in the comparable part of 1978, while sales there for the whole of last year were 22 per cent higher than in 1977.

Within this somewhat confusing statistical panorama lie several consistent and promising details which illustrate how the industry's foundations—sales of bulk and bottled blends—are being underpinned. Diversification into single malt whiskies and luxury types has produced heartening and profitable sales.

Single malt whisky, for example, the original Scotch and the only type available until the blenders moved in last century and began the process which took whisky to the world at large, is now a high fashion drink. Most distillers have at least one brand and new labels—new, that is, to the markets beyond Scotland—have been appearing regularly for the past few years. Although sales represent only a tiny proportion of all whisky drunk, single malt's share of the market is expanding at about 15 per cent a year. The

Italians are among the biggest buyers, and together with Britain, the U.S. and other European customers, take about three-quarters of all sales. In the longer term, growth may be limited by the lack of capacity in the specialised distilleries and the over-riding demands of the blenders who must always have first call on supplies.

Luxury blends have also been expanding rapidly. Wood, Mackenzie calculates that in the next five years sales expansion will accelerate to 12 per cent a year and that these types will double their share of the world market to 15 per cent by 1983.

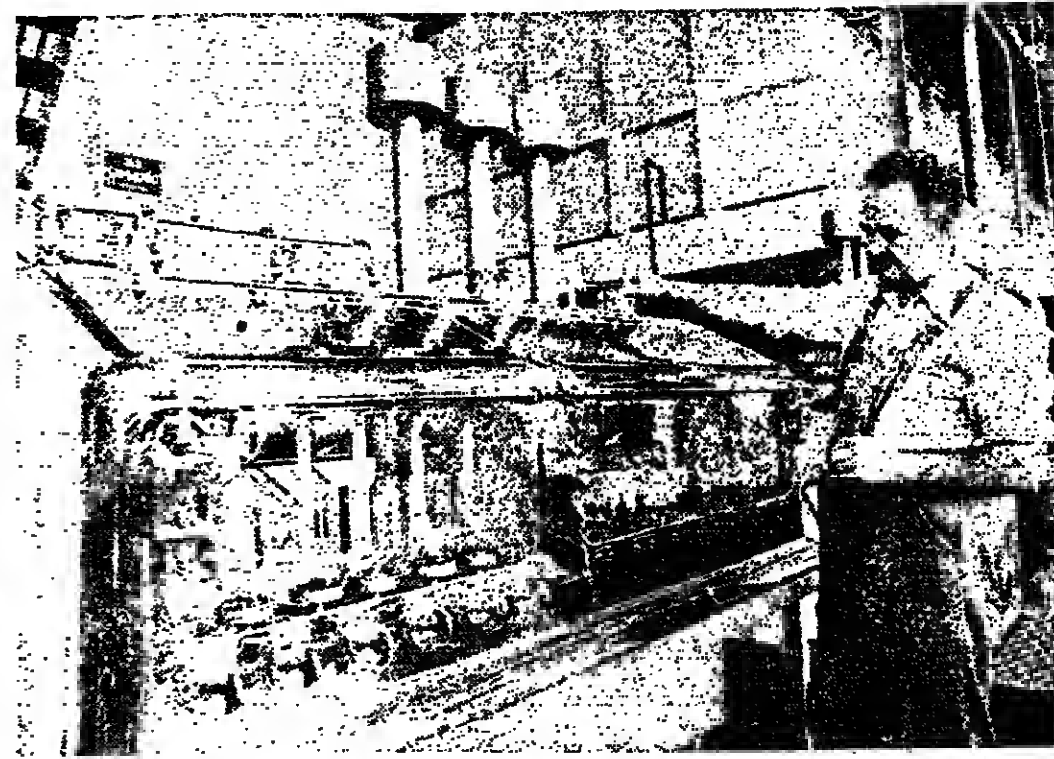
Producers are working hard at promoting their de luxe brands, building up what amounts to an almost exclusive image for them based on the already high quality profile of standard blends of Scotch which, they believe, is the cornerstone of Scotch's success in the world so far and its guarantee of further gains.

HARDENED SCOTCH whisky drinkers have been known to weep at the sight of a top-class malt whisky being mixed with American ginger ale. Fortunately such occurrences do not happen often since the higher price of malt whisky is sufficient to persuade most people to use a cheaper blended whisky for the purposes of mixing.

But it is this traditional high quality image of whisky that probably represents one of the hardest challenges to the growth of the whisky market in the UK over the next decade. The image of Scotch whisky as being something that only real experts can appreciate is fine for the up-market appeal but does little to help counter the dramatic growth in other spirits such as vodka in the numerically more popular section of the market.

The three key factors influencing consumer demand in the UK over the past decade are the growth in the amount of alcoholic beverages drunk by women and young people; the apparent trend towards lighter flavours and colours; and the emergence of the take home sector led by the greater drink sales in supermarkets.

These factors have emerged for a number of reasons. The



The spirit and feint safe at Caol Ila Distillery on the Isle of Islay.

Keeping up with changing tastes

BY DAVID CHURCHILL

growing numbers of working women, for example, has led to more women drinkers—as have the improvements in pub environments. At the same time women, and young people, have expressed a clear preference for both lighter flavoured and coloured drinks which they believe—however erroneously—are more refreshing or less alcoholic. This has led to the growing popularity of white rum, especially Biscardi, in preference to the traditional dark rums; vodka also has emerged as the fastest growing spirit in the 1970s; and dry white wine's popularity has soared.

Although there are those within the drinks trade who suggest that this emphasis on the trend to lightness can be misplaced—suggesting, for example, that vodka's market growth was long overdue—the shifts in consumer preference show that even Scotch whisky cannot rest on its laurels. A survey of spirits drinkers, carried out by the Mintel market research company, confirms that young drinkers appear to have little interest in drinking whisky. Only 13 per cent of those polled in the 15-24 age group had drunk whisky,

while 21 per cent had drunk vodka.

Although this and other surveys show that whisky is more popular with the middle age groups (between ages 45 to 54), industry observers believe it wrong automatically to assume that as people grow older (or become more affluent) they will revert to whisky. There is ample evidence to suggest that people adhere closely to drinking habits formulated in their youth; if so, this suggests that the Scotch industry will need to create a more exciting image to attract the next generation of whisky drinkers.

The Mintel survey also revealed that whisky dominates men's spirit drinking, with 41 per cent of the men in the survey admitting to drinking whisky within the previous month. Although only 19 per cent of women said they had drunk whisky within the previous month, this was still the greatest proportion of any single spirit. The order of popularity for both men and women of spirits consumed was whisky, brandy, gin, vodka, white rum and dark rum.

Yet the survey also shows that only 17 per cent of the

total drank their whisky neat (i.e. without any addition of water or any other "mixer" drink). This clearly reflects, "long" drink including a mixer, therefore, the preference for a mixer. Vodka, for example, has the characteristic of being able to be mixed with virtually anything.

The most popular whisky mixer, according to the Mintel survey, was water, used by 23 per cent. Only a slightly smaller percentage drank whisky with ginger ale. Lemonade was next popular, followed by soda and orange and a variety of other mixers.

Mintel reports that twice as many men as women drank whisky neat, while the position was reversed for the popularity of lemonade as a mixer. Lemonade is particularly important in Scotland, used by 35 per cent as the mixer. Mintel says, perhaps tongue in cheek, that this is due to lemonade often being free in Scotch pubs. Water as a mixer is also important in Scotland, but not in London or the South East.

According to the experts, the water of Loch Fathine is traditionally the perfect diluting agent for good Scotch, although the water of any spring will do.

When professional whisky tasters appraise Scotch, they seldom actually take the spirit into their mouth—since this would impose considerable strain on the sensitivity of the taster's palate. The whisky blender works by sniffing the spirit, although he often "awakes" the whisky by adding pure water.

Undoubtedly, one of the areas where whisky can increase its popularity is in the growing trend to mix cocktails. Indeed, one of the main trends foreseen over the next decade is greater consumer preference for variety and a willingness to experiment with drinks. It is likely, therefore, that the following short list of Scotch whisky based cocktails will be greatly expanded over the next few years.

● **Atholl Brose:** This is based on 1½ measures (a measure in this case being whatever consistent amount you prefer) of Scotch whisky, one tablespoon of clear honey, and two tablespoons of fresh cream. A glass should be warmed and the honey and cream poured in. Add the whisky and mix well.

● **Rob Roy:** A half measure of Scotch whisky is added to a half measure of sweet vermouth, shaken well, and served in a cocktail glass.

● **Whisky Sour:** One measure of Scotch whisky (can also be used), plus half a teaspoon of sugar, one teaspoon of egg white, and a quarter of fresh lemon juice. Shake well and strain into a cocktail glass.

● **Hot pint:** Heat four pints of beer and one teaspoon of nutmeg in a pan and add four ounces of sugar. Add three beaten eggs and whisky. This is a traditional drink for Hogmanay.

In addition, there are a number of cocktails using the Scotch-based liqueur Drambuie, the most popular liqueur in the UK:

● **Rusty Nail:** A half measure of Scotch whisky is added to a half measure of Drambuie and should for preference be served in a small cut-glass tumbler.

● **Drambuie Swizzle:** In a tall glass a quarter measure of Drambuie, two tablespoons of sweetened limejuice, a drop of bitlers, and half a cup of crushed ice. Stir until mixture is well chilled. Fill the glass with soda water and serve at once, garnished with mint sprigs.

● **The Godfather:** Take one and a half ounces of Scotch (or similar measure) and add to it ¼-oz. of Amaretto di Saronno. Serve with plenty of ice.

(Recipes by courtesy of Miss Hilary Laidlaw Thomson, and "Cheers—a spirited guide to liquors and liqueurs" by Francesca White, Paddington Press)

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# WHISKY 2

## Threats to world exports

BY CHRISTOPHER PARKES

THE GREATEST threat to the continued prosperity of the Scotch whisky business — some say even to its continued existence on today's scale — is the growing problem of what the industry bleakly terms parallel trading. This is essentially a parasitic export business which preys on the traditional means of selling the drink abroad through sole agents.

Since Scotch enjoys only a relatively small share of the drinks market in the many countries where it is sold it is not practicable for manufacturers to establish subsidiaries to handle distribution and promotion in each one. Responsibility for these processes, and most of the cost of them, is borne by the agents. In general, these charges amount to about 30 per cent of the basic wholesale price of the Scotch supplied to them from Britain and have to be recouped from the market.

The differential between UK prices and those abroad, particularly in Europe, has encouraged a growing band of independent traders to buy wholesale Scotch in Britain and ship it abroad for sale directly to supermarkets at attractive prices.

These so-called "parallel traders" have few costs other than shipping and insurance and are always able to undercut the local agent. The agent faced with the parallel seller has two options. He can cut spending on sales force salaries, promotion and other services and try to compete with the unauthorised competition, or he can hold out, stand on his reputation and demand for the brand withers. Brand owners attempting to beat the trade by dual pricing had their schemes ruled out of order by the European Court of Justice. The end result of the cases is well known. While some companies gave up their attempts and let things ride, Distillers Company (DCL) took

the dramatic step of withdrawing Johnnie Walker Red and Haig Dimple from the UK market. The parallelers, deprived of their source, gave up and the overseas agents' interests were saved. Naturally, other brands have been taken up by the unauthorised traders, and there is now a danger that other well-known brands may have to be removed from sale in the UK.

Producers faced with the problem have another option open to them. They could increase UK prices to a level that would make parallel trading uneconomic. But that would simply allow companies producing mainly for the British market to make a clean sweep of the home trade since they would have no need to change their prices.

The Scotch Whisky Association (SWA) and Independent companies are now anxiously lobbying Mr. Peter Walker, Minister of Agriculture, in an attempt to have the European Court ruling reviewed and that considerable damage is being done to the growth potential of the industry and that ultimately jobs could be put at risk.

And while not anxious to overburden the busiest Minister in the European area, the association is also increasingly worried about a matter of some £20m it claims is owed by the Community in export subsidies. EEC cereals are generally considerably dearer than grain elsewhere in the world and are exported with the help of subsidies. The SWA argues that cereals exported in the form of whisky are also eligible for restitutions. It bases its claims on a minute from a Council of Ministers meeting in December 1972 at which the Ministers obviously believed agreement on a common alcohol policy was close. Settlement of this policy is probably still a matter of years away, the debt is growing and now the pressure is on for the promised subsidy provision to be enacted independently and the back-dated subsidies paid out.

other areas of contention. Producers are bitterly divided, for example, on the rights and wrongs of exports of bulk malt whisky. This spirit is sold mainly to Eastern and Latin American countries where it is mixed with local liquor to produce a whisky suited to local tastes and pockets. Advocates of the trade, and they include most of the smaller companies, claim that the exports absorb output and maintain jobs in many remote distilleries in areas where alternative employment does not exist.

Opponents, including DCL and trade unionists, want the sales stopped. They argue that in continuing the trade the industry is in effect selling its seed corn. Mixtures of Scotch malt and indigenous distillations compete with true Scotch blends and thus limit the prospects for exports from Britain, they say.

Bulk exports from Britain last year totalled 9.6m proof gallons compared with 8.4m gallons in 1977 and 3.5m in 1971. Of this 6.3m gallons went directly to Japan, and there, the critics say, lies the greatest threat to the Scotch trade. Imports of bottled whisky from the UK and Japan are hindered by national legislation while companies in the country range freely selling drinks based on bulk imports from Scotland. The critics of the trade also point with growing alarm to Japanese efforts to break into major traditional markets for Scotch like Australia and the U.S.

Suntory, which holds 70 per cent of the domestic Japanese market, is the biggest single company involved. Being most of its "special" quality whiskies on Scotch malt—without any "mention" on the labels—it is already claiming in its Australian advertising that its Old Suntory blend is the highest selling single brand in the world. This designation

has hitherto been considered the private property of DCL's Johnnie Walker Red. Even though Suntory's sales outside Japan are hardly booming, the company appears set on moving into export markets and staying there, even if it has to cut prices and lose money in the process. It already has factories in Brazil and Mexico for making whisky based on Scottish malt and in Thailand and the Philippines bottles blends shipped in bulk from Japan.

In the National Economic Development Council's (NEDC) industry study a minority of the working party claimed that the Japanese had failed to make their mark despite "substantial" efforts. Advanced technology and other skills that had done so much for Japan in other industries simply could not be brought to bear effectively on the problem of making and marketing a whisky that compared with and could compete on equal terms with Scotch.

More circumspect contributors to the study felt, however, that the Japanese intentions were clear. Great efforts were being made to establish Japanese whisky as a drink in its own right. Ultimately, once the establishment process was complete, they would be able to reduce or even eliminate Scotch malt content of their blends and cut off bulk imports in their own time.

Going even further, it is argued that Japan aims eventually to take for itself the lion's share of the whisky market in the whole of South East Asia, an area where British sellers have a strong and growing trade.

Opponents of the bulk malt trade also claim that the development of national whisky mixtures elsewhere in the world tends to undermine or blur the image of Scotch. Scotch malt whisky, after all, has special and



The blending room at Mackinlay's blending and bottling plant in Edinburgh

readily detectable flavours not found in other whiskies. It is felt that the consumers' impression of whisky in general is already foggy enough — there are about 40 national whisky "types" on sale around the world — without Scotland contributing further to the confusion and danger to Scotch exports. The campaigners add weight to their arguments with the charge that discrimination against bottled whisky from Scotland tends to develop in countries where efforts are being made to establish a home whisky industry. By contributing bulk malt to such developing industries Britain, in the words of one observer, is "banding a razor to the competitors



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## Nursing the American market

BY DAVID CHURCHILL

SINCE THE U.S. is the largest single customer worldwide for Scotch whisky—accounting for about 29 per cent of total worldwide consumption, compared with 15 per cent by the UK—it is hardly surprising that so much time and effort is spent on trying to predict the future course of demand. When two or more Scotch whisky experts are gathered together, the conversation invariably turns at some stage to what will happen in the U.S. market over the next decade. Equally unsurprising is the fact that virtually every Scotch expert has a different view on the outcome.

The debate, however, is far more than simply an academic one. Because Scotch whisky is matured for several years before consumption, whisky distillers have to balance present production carefully with anticipated future demand. When the supply and demand equations fail to meet in reality, then the industry has problems, especially since it is not in a position to dispose profitably of excess stocks by reducing profit margins.

Customs and Excise statistics, analysed by stockbrokers Wood

Mackenzie, show that after the hey-days of the 1960s, there has been a general slowdown in demand for Scotch whisky. The 1974-78 has shown only a 4 per cent expansion in world demand, compared with a 10 per cent per annum growth rate in the 1960s. "As can clearly be seen, however, the U.S. has been by far the prime influence, with Scotch sales critically down since 1974, against about 10 per cent per annum growth throughout the 1960s," points out Wood Mackenzie.

Other market statistics echo this comment, showing that since 1971 the U.S. market for Scotch has been almost static at an average of 33m proof gallons a year. Another firm of stockbrokers, Fielding Newson-Smith, suggests that "there is at present no reason to expect long-term volume growth in this market, while there is the possibility of steady decline."

Yet while the demand for Scotch may have been static throughout the 1970s, the U.S. drinks market was growing by about an average 3 per cent a year. And there was a marked shift away from U.S. whisky towards vodka in particular and other drinks, such as rum, in more modest proportions. Conventional drinks industry wisdom explains that the rapid growth of vodka and rum sales in the U.S. is part of the worldwide phenomenon of consumers switching their preferences towards lighter colored and flavoured drinks. However, Dr. David Targett, in a report on the U.S. market for Potomac Distillers, is sceptical of the argument that there is an inexorable trend towards "lightness" in drinks and that this means that the long-term prospects for Scotch are far from rosy.

He suggests that the steep increase in Canadian whisky's market share—some 38 per cent more Canadian whisky by volume was imported into the U.S. between 1970 and 1978—so well as the more gradual increase in brandy consumed and decline in gin sales are all inconsistent with trends of lightness and mixability. "It is difficult to reconcile the success of Canadian 'light' whisky with the failure of new American whiskies, heavily advertised as being 'light,'" he says.

Instead, Dr. Targett believes that the growth of vodka sales reflects the perceived qualities of vodka as being almost tasteless, a good mixer and having no after-effects. "This uniqueness is fast putting it in the position of being one of the staple, 'default' social drinks like, for instance, wine in France," he says. In addition, he suggests that there is a consumer trend towards a greater variety of taste. "These two factors—the uniqueness of vodka and the trend to variety—together provide a better explanation of the general patterns than the trends to lightness and mixability that others have put forward," he claims. Brokers Fielding Newson-Smith, however, adopts a different argument, suggesting that based on trade data, there is a progressive trend within the whisky market from the heavier, darker and more

strongly flavoured American whiskies to lighter Scotch and, especially, Canadian whiskies. "This pattern fits so well with the more general trends to lighter spirits and to lighter types of alcoholic beverage that it should be accepted as part of a structural change in American drinking behaviour. It implies for the future that the share of Scotch within the whisky sector has almost ceased to grow and is likely to remain virtually unchanged in the medium term."

In turn this suggests that, within a declining volume of total whisky consumption, Scotch is likely to be entering a phase of medium term volume decline at a rate of perhaps 1 per cent a year. Thus by 1985 U.S. Scotch consumption is projected to have fallen to the order of 33m proof gallons per year for social and economic reasons.

A major factor in the performance of Scotch in the U.S. is the effectiveness of its advertising campaigns. Scotch producers are traditionally heavy advertisers, but there are suggestions that U.S. promotions have been too rigid to reflect changing market tastes and preferences. "Scotch has probably already lost ground in the U.S. because of inferior advertising and may continue to do so unless an advertising effort can be made which complements the strong quality image of Scotch," suggests Dr. Targett.

Other market experts suggest that the quality image of Scotch may also have been damaged by the proliferation of low quality brands and has been "blurred" in selected areas by the development of imitation Scotches, especially from Japan.

Dr. Targett suggests four main trends will develop in the next decade. One is that the greater variety in tastes will result in a further loss of market share by U.S. domestic whisky and continued steady growth in other spirits. Second, Dr. Targett suggests that, while vodka will establish itself as a "staple" drink, the great variety of tastes available in the whiskey range indicates that their market share will not be able to approach that of the total whisky market.

Third, he sees the growth in Canadian whisky beginning to level off and likely to remain 1 to 2 per cent below the market share of Scotch, particularly if Scotch continues to be promoted as a "mixer". And fourth, Dr. Targett believes that Japanese whisky will in the long-term capture a market share from all other whiskies, especially U.S. domestic, but only slightly from Scotch because of its quality image. Overall, the wide disparity in views over the future course of U.S. demand for Scotch whisky suggests that there may be more than an element of crystal ball gazing about the whole exercise. Only time will prove which forecast is right, although Scotch distillers are baring to base their judgments now on such differing views. However, the range of options open seems to suggest that, at worst, volume sales of Scotch will remain constant over the next decade while other forecasts range up to about 3 per cent per annum growth. Dr. Targett is probably

the most optimistic with his forecast of a growth rate for Scotch of 3 to 4 per cent per annum. Yet in the short-term the market may continue to be upset by temporary factors. The lorry drivers' strike last winter severely hit Scotch production and hampered exports which were held up in the docks.

And there may be some sharp consumer reaction in the U.S. to recent allegations that Scotch whisky contains some cancer-inducing substances. A study of various named brands of Scotch, carried out by the National Science Foundation in Washington, found that six contained minute quantities of nitrosamines—a substance that has caused cancer in laboratory mice. But the effect of this report may be mitigated by the fact that similar small quantities of nitrosamines have already been found in beer, bacon, processed meats and cosmetics. And the Scotch whisky distillers are already taking steps to eradicate even the minute quantities that were discovered.



A customs officer checks a storeroom at the North British Distillery, Edinburgh.

## The Case

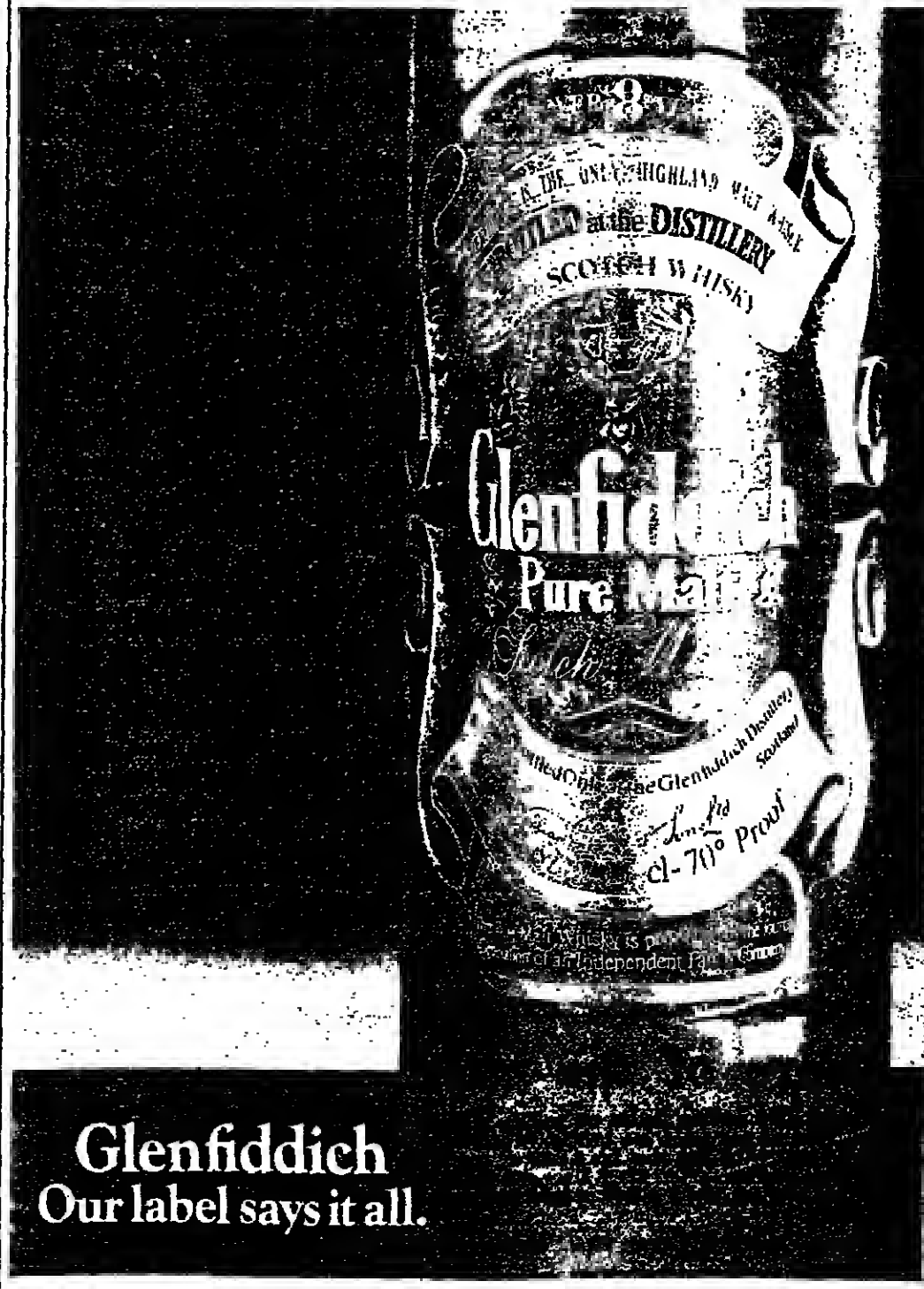


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FELDWINE: The Dock, Tel: 0892-4466. Telex: 82347.

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## Glenfiddich

Our label says it all.







Table of financial data including various stock prices and market indices.

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UNIT TRUSTS (5)
MISCELLANEOUS (113)
AUSTRALIAN (13)
WEST AFRICAN (1)
DIAMOND (16)
OIL (285)
TELEGRAMS (1)
TRADEWATERS (1)
CANALS (3)
WATERWAYS (2)
PROPERTY (105)
SPECIAL LIST
RULE 163 (1) (e)
Bargains marked in securities which are quoted or listed on an Overseas Stock Exchange.

OTHER MARKETS
EXCHANGE CROSS RATES
LONDON MONEY RATES
CURRENCY MOVEMENTS
EURO-CURRENCY INTEREST RATES

EXCHANGES AND BULLION
The U.S. dollar and sterling both improved to currency markets yesterday, although the dollar firmed slightly below its best levels for the day. Trading centered mostly on the dollar/mark rate, and although the level of business was not particularly heavy ahead of the weekend, the dollar was buoyed by a basically firm undertone. Against the Swiss franc it closed at SwFr 1.6225 compared with SwFr 1.6175 but eased to DM 1.7895 from DM 1.7900 against the D-mark. However this was some way below the best level of 1.7850 seen before trading to 1.7810 per cent. However late demand pushed up rates to 1.7815 per cent.

EMERGENCY CURRENCY UNIT RATES
GOLD
U.K. CONVERTIBLE STOCKS 12/10/79

Table of U.K. convertible stocks with columns for Name and description, Size, Current price, Terms, Flat yield, Red. yield, Premium, Current Range, and Conv. Inv. Diff. Current.



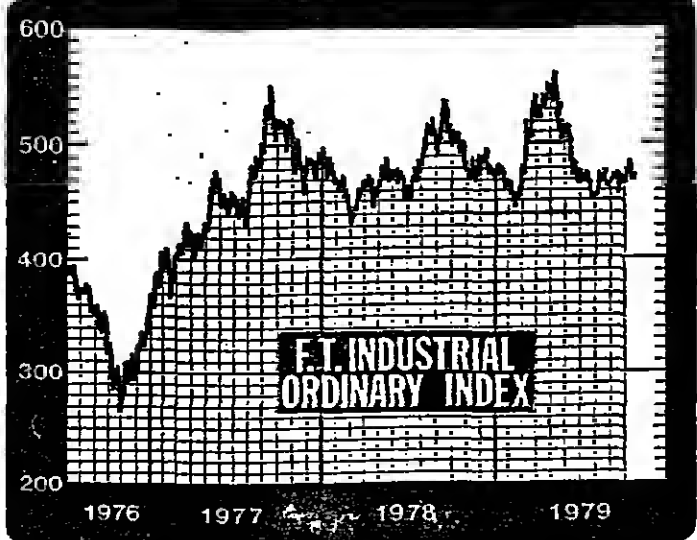
LONDON STOCK EXCHANGE

Combination of U.S. factors and UK monetary pledges produces better feeling throughout stock markets

Account Dealing Dates
First Declara- Last Account Dealings
Oct 4 Oct 5 Oct 15 Oct 24 Oct 25 Oct 29 Oct 30 Oct 31 Oct 31 Oct 31 Oct 31 Oct 31

indecisive at the outset but the lack of selling worried professional bears into closing their commitments and this had an exaggerated effect on prices. Leaders were sometimes showing signs to six but values eased slightly in the absence of follow-through support.

factor was 0.8946 (0.9078). Reflecting the quiet tone of the equity market demand for Traded options fell away and only 602 deals were arranged. The week's daily average, however, amounted to 849—the highest since late July. Court-audits attracted most attention yesterday recording 107 trades.



FINANCIAL TIMES STOCK INDICES
Table with columns for various indices (Government Secs, Fixed Int., Industrial, etc.) and their values for Oct 10, 11, 12, 13, and a Year Ago comparison.

HIGHS AND LOWS
Table showing high and low values for various stock indices and sectors like Govt. Secs, Fixed Int., Ind. Ord., Gold Mines, and Gold Shares.

LONDON TRADED OPTIONS
Table listing various options (SP, GP, Cons. Gold, etc.) with columns for Option, Ex'rate, Closing price, Vol., and Equity close.

Banks quiet
A firmer trend was apparent in bank issues but business was minimal. Brown Shipley improved 7 to a 1979 peak of 277p and Joseph (Leopold) rose 10 to 155p.

Motor sectors ended the first leg of the Accountant a quiet note. Dunlop returned to favour and added 2 to 80p, while Dowry put on 4 to 80p.

On the week of 14. Elsewhere, London and Provincial Ship rose with a gain of 12 to 232p. Carrington Investments rose 10 to 150p; the price in yesterday's issue was incorrect.

ACTIVE STOCKS YESTERDAY
Table listing active stocks (ICI, Courtaulds, etc.) with columns for Stock, Denomina-tion, Closing price, Change, and 1979 high/low.

NEW HIGHS AND LOWS FOR 1979
Table listing new highs and lows for various sectors like Chemicals, Electricals, Engineering, etc.

OPTIONS
Table listing various options (Shell Transport, etc.) with columns for Deal, Last, Declara-tion, Settlement, and 1979 high/low.

FT-ACTUARIES: SHARE INDICES
Table listing various share indices (CAPITAL GOODS, BUILDING MATERIALS, etc.) with columns for Index, High, and Low.

ON THE WEEK
Table listing various stocks (ICI, Shell Transport, etc.) with columns for Stock, Denomina-tion, Closing price, Change, and 1979 high/low.

RECENT ISSUES
Table listing recent issues (Shell Transport, etc.) with columns for Issue, Amount, and Date.

FIXED INTEREST STOCKS
Table listing various fixed interest stocks (FINANCIAL GROUP, BANKS, etc.) with columns for Stock, Price, and Yield.

FIXED INTEREST PRICE INDICES
Table listing various fixed interest price indices (British Govt, etc.) with columns for Index, High, and Low.

RISES AND FALLS
Table listing various stocks (British Fom, etc.) with columns for Stock, Yesterday, and On the week.

BASE LENDING RATES
Table listing various base lending rates (A.B.N. Bank, etc.) with columns for Bank, Rate, and Term.

"RIGHTS" OFFERS
Table listing various rights offers (Bank Leumi, etc.) with columns for Issue, Amount, and Price.

CONSTITUTION CHANGE
Table listing various constitution changes (Pharmaceutical Products, etc.) with columns for Group, Base Date, and Base Value.

BASE LENDING RATES (continued)
Table listing various base lending rates (Hill Samuel, etc.) with columns for Bank, Rate, and Term.

"RIGHTS" OFFERS (continued)
Table listing various rights offers (Bank Leumi, etc.) with columns for Issue, Amount, and Price.

CONSTITUTION CHANGE (continued)
Table listing various constitution changes (Pharmaceutical Products, etc.) with columns for Group, Base Date, and Base Value.

CONSTITUTION CHANGE (continued)
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AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trst Mgrs, Abn Harvey & Ross Unit Trst Mgrs, and others, with columns for name, manager, and other details.

Table listing unit trusts under the heading 'Mutual Unit Trust Managers (a)(g)', including Royal Trust Mgmt Ltd, National and Commercial, and others.

Table listing unit trusts under the heading 'INSURANCE & PROPERTY FUNDS', including Abbey Life Assurance Co Ltd, Crown Life Assurance, and others.

Table listing unit trusts under the heading 'Schroder Trust Mgrs - contd', including J.W. Schroder Wagg & Co Ltd, and others.

Table listing unit trusts under the heading 'Prudential Pension Limited', including various pension and investment funds.

OFFSHORE & O'SEAS FUNDS

Table listing offshore and overseas funds such as Alexander Fund, Allen Harvey & Ross Inv. Mgt, and others, with columns for name, manager, and details.

NOTES: Information regarding the accuracy and liability of the data provided in the tables.





FT SHARE INFORMATION SERVICE

FOREIGN BONDS & RAILS

Table with columns for Stock, Price, and % Change. Includes entries like Anglo-Franco, Anglo-German, Anglo-Italian.

BANKS & HP—Continued

Table with columns for Stock, Price, and % Change. Includes entries like Bank of America, Bank of Montreal.

CHEMICALS, PLASTICS—Cont.

Table with columns for Stock, Price, and % Change. Includes entries like Dow Chemical, ICI.

ENGINEERING—Continued

Table with columns for Stock, Price, and % Change. Includes entries like BHP, GEC.

BRITISH FUNDS

Table with columns for Stock, Price, and % Change. Includes entries like Electric, Treasury, and various other funds.

AMERICANS

Table with columns for Stock, Price, and % Change. Includes entries like AMF, American Express, and others.

Hire Purchase, etc.

Table with columns for Stock, Price, and % Change. Includes entries like Hire Purchase, etc.

DRAPERY AND STORES

Table with columns for Stock, Price, and % Change. Includes entries like Debenhams, Next.

BEERS, WINES AND SPIRITS

Table with columns for Stock, Price, and % Change. Includes entries like Carlsberg, Heineken.

HOTELS AND CATERERS

Table with columns for Stock, Price, and % Change. Includes entries like Hilton, Holiday Inn.

Over Fifteen Years

Table with columns for Stock, Price, and % Change. Includes entries like Anglo-Franco, Anglo-German.

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Over Fifteen Years

Table with columns for Stock, Price, and % Change. Includes entries like Anglo-Franco, Anglo-German.

INDUSTRIALS (Miscel.)

Table with columns for Stock, Price, and % Change. Includes entries like Alcan, BHP, and various industrial stocks.

Over Fifteen Years

Table with columns for Stock, Price, and % Change. Includes entries like Anglo-Franco, Anglo-German.

Undated

Table with columns for Stock, Price, and % Change. Includes entries like Anglo-Franco, Anglo-German.

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Undated

Table with columns for Stock, Price, and % Change. Includes entries like Anglo-Franco, Anglo-German.

INTERNATIONAL BANK

Table with columns for Stock, Price, and % Change. Includes entries like Citibank, HSBC.

CANADIANS

Table with columns for Stock, Price, and % Change. Includes entries like Alcan, BHP.

BANKS AND HIRE PURCHASE

Table with columns for Stock, Price, and % Change. Includes entries like Bank of America, Bank of Montreal.

ELECTRICALS

Table with columns for Stock, Price, and % Change. Includes entries like BHP, GEC.

COMMONWEALTH & AFRICAN FUNDS

Table with columns for Stock, Price, and % Change. Includes entries like Anglo-Franco, Anglo-German.

FOOD, GROCERIES, ETC.

Table with columns for Stock, Price, and % Change. Includes entries like Anglo-Franco, Anglo-German.

LOANS

Table with columns for Stock, Price, and % Change. Includes entries like Anglo-Franco, Anglo-German.

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CHEMICALS, PLASTICS

Table with columns for Stock, Price, and % Change. Includes entries like Anglo-Franco, Anglo-German.

ENGINEERING MACHINE TOOLS

Table with columns for Stock, Price, and % Change. Includes entries like Anglo-Franco, Anglo-German.

FOOD, GROCERIES, ETC.

Table with columns for Stock, Price, and % Change. Includes entries like Anglo-Franco, Anglo-German.

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مكتبات الصحف



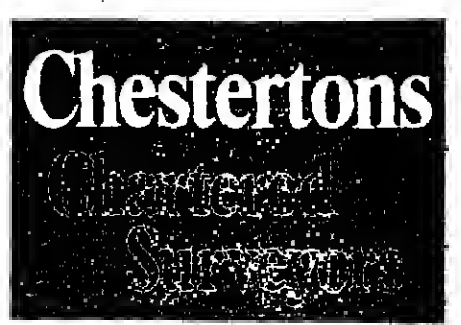
INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Continued



MINES—Continued

AUSTRALIAN

Table of Australian Mines with columns for Stock, Price, Div, and Yld.

TINS

Table of Tins with columns for Stock, Price, Div, and Yld.

COPPER

Table of Copper with columns for Stock, Price, Div, and Yld.

MISCELLANEOUS

Table of Miscellaneous with columns for Stock, Price, Div, and Yld.

GOLDS EX-PREMIUM

Table of Golds Ex-Premium with columns for Stock, Price, Div, and Yld.

NOTES

Notes section containing various financial notices and company announcements.

INDUSTRIALS—Continued

Main table of Industrial stocks with columns for Stock, Price, Div, and Yld.

INSURANCE—Continued

Main table of Insurance stocks with columns for Stock, Price, Div, and Yld.

PROPERTY—Continued

Main table of Property stocks with columns for Stock, Price, Div, and Yld.

INVESTMENT TRUSTS—Cont.

Main table of Investment Trusts with columns for Stock, Price, Div, and Yld.

FINANCE, LAND—Continued

Main table of Finance and Land stocks with columns for Stock, Price, Div, and Yld.

LEISURE

Table of Leisure stocks with columns for Stock, Price, Div, and Yld.

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Table of Motors and Cycles stocks with columns for Stock, Price, Div, and Yld.

Commercial Vehicles

Table of Commercial Vehicles stocks with columns for Stock, Price, Div, and Yld.

Components

Table of Components stocks with columns for Stock, Price, Div, and Yld.

Garages and Distributors

Table of Garages and Distributors stocks with columns for Stock, Price, Div, and Yld.

SHIPPING

Table of Shipping stocks with columns for Stock, Price, Div, and Yld.

SHOES AND LEATHER

Table of Shoes and Leather stocks with columns for Stock, Price, Div, and Yld.

SOUTH AFRICANS

Table of South African stocks with columns for Stock, Price, Div, and Yld.

TEXTILES

Table of Textiles stocks with columns for Stock, Price, Div, and Yld.

NEWSPAPERS, PUBLISHERS

Table of Newspapers and Publishers stocks with columns for Stock, Price, Div, and Yld.

PAPER, PRINTING

Table of Paper and Printing stocks with columns for Stock, Price, Div, and Yld.

PROPERTY

Table of Property stocks with columns for Stock, Price, Div, and Yld.

TOBACCOS

Table of Tobacco stocks with columns for Stock, Price, Div, and Yld.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, and Land stocks with columns for Stock, Price, Div, and Yld.

OILS

Table of Oil stocks with columns for Stock, Price, Div, and Yld.

OVERSEAS TRADERS

Table of Overseas Traders stocks with columns for Stock, Price, Div, and Yld.

RUBBERS AND SISALS

Table of Rubber and Sisal stocks with columns for Stock, Price, Div, and Yld.

TEAS

Table of Tea stocks with columns for Stock, Price, Div, and Yld.

MINES

Table of Mines stocks with columns for Stock, Price, Div, and Yld.

CENTRAL RAND

Table of Central Rand stocks with columns for Stock, Price, Div, and Yld.

EASTERN RAND

Table of Eastern Rand stocks with columns for Stock, Price, Div, and Yld.

FAR WEST RAND

Table of Far West Rand stocks with columns for Stock, Price, Div, and Yld.

INDIA AND BANGLADESH

Table of India and Bangladesh stocks with columns for Stock, Price, Div, and Yld.

Sri Lanka

Table of Sri Lanka stocks with columns for Stock, Price, Div, and Yld.

AFRICA

Table of Africa stocks with columns for Stock, Price, Div, and Yld.

FINANCE

Table of Finance stocks with columns for Stock, Price, Div, and Yld.

O.F.S.

Table of O.F.S. stocks with columns for Stock, Price, Div, and Yld.

DIAMOND AND PLATINUM

Table of Diamond and Platinum stocks with columns for Stock, Price, Div, and Yld.

CENTRAL AFRICAN

Table of Central African stocks with columns for Stock, Price, Div, and Yld.

Recent issues and Rights Page 32

Regional Markets

Options 3-month Call Rates





MAN OF THE WEEK

Nobel Prize boffin

BY DAVID FISHLOCK

MEN OF truly original ideas rarely bother themselves with the sordid details of what it might cost...

Dr. Hounsfield worked out in fine detail the cost of tooling up a sophisticated system for the market and developing the extensive after-sales service it would need...

Dr. Hounsfield, 60, and still single though wed to invention, is both an electrical engineer and a mathematician of very high order...



Godfrey Hounsfield

Britain's most eminent engineers has remarked that "it uses mathematics I wouldn't pretend to understand now or at any stage of my career."

Other research teams with larger resources than EMI had already rejected as "impossible" the revolutionary ideas for computerised axial tomography (CAT) worked out by Professor Allan Cormack...

Britain itself, while fully appreciative of the value of CAT scanning as a research tool and an aid to accurate, painfree diagnosis, has never been an enthusiastic customer for Dr. Hounsfield's brainchild...

Yet in spite of the problems it has raised for EMI, no invention which earns £21m in six years can be counted anything but a resounding success...

Few men can have amassed so many scientific honours so quickly as Hounsfield: at least 35 in the 1970s alone...

A couple of years ago his odds were good that if they could woo Godfrey Hounsfield away from the CAT scanner, say 32 percent...

Times sets deadline for new NGA deal

BY ALAN PIKE, LABOUR CORRESPONDENT

TIMES NEWSPAPERS has agreed to start immediate negotiations on new agreements with the National Graphical Association...

The decision was accompanied yesterday by a warning from Lord Thomson of Fleet, chairman of the International Thomson Organisation...

NGA members at Times Newspapers are refusing to return to work until they have negotiated complete new pay and conditions agreements...

Tactical aircraft plans to be discussed

By Michael Dome, Defence Correspondent

PLANS FOR the possible joint development in Europe of a new tactical combat aircraft, to replace the Jaguar in the RAF and French air force...

Mr. Francis Pym, Defence Secretary, will meet Dr. Hans Apel of West Germany and M. Yvon Bourges of France...

The meeting is primarily to discuss matters of equipment collaboration, and is not intended to cover such other major outstanding defence issues as the provision of Cruise missiles or other forms of Theatre Nuclear Weapons in Europe...

But it is likely the Ministers will exchange at least tentative views on this latter issue, before the NATO Nuclear Planning Group meeting in the Hague in November...

Monday's meeting will try to clear the way for new steps forward in the long series of discussions on a new tactical combat aircraft - a programme that could cost many billions of pounds through the 1980s...

Originally devised by the UK under the designation AST-403 (Air Staff Target) for an aircraft that would replace both the Harrier jump-jet fighter and the Jaguar jet strike-trainer...

Continued from Page 1

Renault

market but which will be similar to a car to be launched about the same time in Europe. Although details of this car have not been given, it will have the similar design specifications to many of the new vehicles now being produced in the U.S. with emphasis on low fuel consumption and front wheel drive...

With the launch of this car, Renault will become the second of the big European car producers, after Volkswagen, to establish manufacturing facilities in America. The new Renault-designed car, to be made at AMC's Kenosha plant in Wisconsin, will also help the French company's exports...

In 1978 AMC sold only 140,000 cars in the U.S. Earnings have been rising this year and at the end of nine months of 1979 reached \$173.3m on sales of \$2.3bn, a record for the last decade...

and Media Personnel are in danger of being eroded. Mr. Les Dixon, NGA president, appealed for the negotiations as the only alternative to closure of the papers, which have been suspended for 10 months...

It would mean the certain loss of thousands of jobs, and the Thomson Organisation had no intention of selling the Times titles.

The negotiators have to reach agreement on a wide-ranging claim for pay increases of up to 50 per cent, extra holidays, a shorter working week, and increased manning in some departments...

But Mr. Norman Griggs, secretary general of the association, made it clear that the odds were still firmly on a record 12 1/2 per cent mortgage rate from January 1.

The huge improvement in building society receipts will not make it any easier for the societies to justify the proposed mortgage increase. But Mr. Griggs said the September recovery was due to seasonal factors...

Mr. Griggs emphasised that the underlying trend of net receipts remained at modest levels, about £350m a month, which was not sufficient to meet demand at present.

He said: "There can be no question, as things stand, of turning down the tap by offering a lower return to investors. This is the only way in which an increase in the mortgage rate could be avoided in the New Year."

The societies have been offering higher investors' rates since August and these are sustainable only for a short time, before mortgage rates have to be adjusted in line.

Last month, the societies lent £71.5m to home buyers against the record £34.5m in August. They also promised to advance a further £720m, a fall of £47m from the month before.

Although the societies advanced £6.6bn in the first nine months of the year, a total slightly above the corresponding figure for 1978, higher house prices have resulted in considerably fewer loans.

During the year as a whole, mortgage advances are expected to reach a record £8.9bn against £8.7bn in 1978, but the number of loans will be about 710,000, compared with 802,000 in 1978.

Continued from Page 1

Singer plant closure

remaining three European and two U.S. plants, which still leave the company with considerable over-capacity. There will almost certainly be further redundancies, but the company would neither confirm nor deny that it was also considering closing one of its European plants at Karlsruhe, West Germany...

Any new decision is likely to be influenced by projections of sales for next year, on how cheaply the Clydebank closure can be effected and on the outcome of the re-negotiation of the pay and conditions contract for workers at Elizabeth, New Jersey.

In Glasgow the company said yesterday it was trying to find a buyer for the 93-year old Clydebank plant, but it warned: "Clearly the inability to maintain orderly operations, could force an earlier than planned shutdown." A full statement from the unions at the plant is expected next week.

Mr. John McFadyen, the plant convener, told workers at a hastily-called meeting yesterday that he had walked out of the discussion with Mr. Flavin when told there was no room for negotiations to save the plant.

However, when he told the meeting that union officials would press for negotiations and apply pressure, if necessary, there was little apparent support.

Feelings appeared to be summed up by one woman who commented: "If we go on strike, we'll get nothing, they will just sack us." Singer has wanted to close it down for the last two years. Now we just want to get it over with."

Mr. George Younger, Secretary of State for Scotland, called the closure a "bitter blow" working party of representatives of the Scottish Office, the Scottish Development Agency, the Manpower Services Commission and the local authorities in the area, which was already studying the problems arising from the decline of traditional industries on the Upper Clyde, was

being asked to take full account of the effects of Singer's decision. However, Mr. Bruce Millan, the former Labour Scottish Secretary says Singer has broken promises made to him and to the workforce last year when it said it would maintain a major manufacturing operation in Clydebank...

The agency would look "promptly and urgently" at any proposal for someone else to take over the factory, which was brought to it for support.

"But I would emphasise—in the interests of everyone including the jobs in Clydebank—that the agency will be concerned to see that any proposed enterprise had a viable future. Otherwise the wheel could turn full circle and we could have this setback repeating itself in a little while, which would be no service to the community or the anxious job prospects."

In 1977, total sewing machine production worldwide amounted to 400,000 units, of which Singer produced nearly 175,000 or 44 per cent.

Twenty years later, worldwide production was 1.2m units,

of which Singer accounted for only about 10 per cent.

Japan, in 1978, produced nearly 29 times as many industrial sewing machines as Clydebank. Singer's oldest and largest overseas manufacturing plant—and had increased its worldwide market share to 67 per cent through low cost-efficient production. In the U.S.—the destination of most of Clydebank's production—the market is less than half what it was in 1972.

Under the proposals announced in June last year, industrial sewing machine production at Clydebank was to be switched from Clydebank to what the company called the "more efficient location" of the U.S. by 1981.

Clydebank was to become the main production centre for a new line of four models of high volume lightweight domestic sewing machines. The plan called for onion acceptance of revised work rules, increased sourcing of parts from outside, and a new productivity-based pay scheme.

The workforce rejected the proposals but a compromise, increasing the proposed investments, was later achieved after Singer threatened to close the plant.

In June, this year, when the further 600 redundancies were announced, Clydebank was said to have failed to meet the planned rate of production on the new domestic sewing machine plant.

Continued from Page 1

Stores sponsor retail training

MARKS AND SPENCER, Boots and W. H. Smith have jointly sponsored a 13-week retailing course for socially and educationally deprived young people aged 16 to 19 to help reduce youth unemployment.

The companies have seconded staff to run the course, which is organised by the charitable trust, Project Fullemployer, and funded by the Manpower Services Commission. The firms have supplied equipment, premises and work experience opportunities for the 24 people on the course.

There are plans to extend the course to Bristol and Birmingham and some of the young people being trained may be taken on by the companies. Cash handling, stock control, display, selling techniques and social skills will be taught.

Mortgage rate may still rise next year

BY MICHAEL CASSELL

BUILDING SOCIETY receipts reached their highest point for nearly two years in September and are expected to rise to near-record levels this month. An increase in the mortgage rate in January still looks likely, however.

The Building Societies Association said yesterday that the net receipts last month climbed by £118m to reach £411m, the highest total since December 1977. It also predicted that receipts this month could climb above £500m because of the impending tax rebates.

But Mr. Norman Griggs, secretary general of the association, made it clear that the odds were still firmly on a record 12 1/2 per cent mortgage rate from January 1.

The huge improvement in building society receipts will not make it any easier for the societies to justify the proposed mortgage increase. But Mr. Griggs said the September recovery was due to seasonal factors...

Mr. Griggs emphasised that the underlying trend of net receipts remained at modest levels, about £350m a month, which was not sufficient to meet demand at present.

He said: "There can be no question, as things stand, of turning down the tap by offering a lower return to investors. This is the only way in which an increase in the mortgage rate could be avoided in the New Year."

The societies have been offering higher investors' rates since August and these are sustainable only for a short time, before mortgage rates have to be adjusted in line.

Last month, the societies lent £71.5m to home buyers against the record £34.5m in August. They also promised to advance a further £720m, a fall of £47m from the month before.

Although the societies advanced £6.6bn in the first nine months of the year, a total slightly above the corresponding figure for 1978, higher house prices have resulted in considerably fewer loans.

During the year as a whole, mortgage advances are expected to reach a record £8.9bn against £8.7bn in 1978, but the number of loans will be about 710,000, compared with 802,000 in 1978.

Continued from Page 1

Weather

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WORLDWIDE

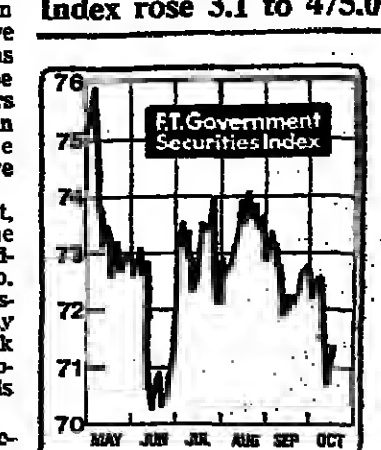
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THE LEX COLUMN

The pit and the pendulum

Index rose 3.1 to 475.0



The pit into which both gilt-edged and equities fell on Wednesday turns out to have been very shallow. As soon as the markets appeared to be stabilising, institutional buyers began to commit funds again on a modest scale, and for the moment cash flow seems to have won the day.

In the gilt-edged market, anecdotal evidence about the state of credit demand is building up in its monthly crescendo. The general feeling is that, despite heavy VAT payments by the manufacturing sector, bank lending has been rather subdued in the month which ends on Wednesday.

If the figures are as satisfactory as rumour relates, the market will have two successive good months under its belt, and talk of lower interest rates can begin again in earnest. Next week should bring confirmation of slow September money supply growth, and the retail sales figures due to be published on Monday should show the sort of sluggish trend that delights bulls of gilt-edged. Yesterday's figures showing the highest monthly net inflow into the Building Societies for nearly two years do not suggest that the income tax rebates will all find their way into the shops.

All this makes it a little easier to overlook high and rising U.S. interest rates and poor labour news, particularly as sterling is holding up well. The long tap stock, Exchequer 12 per cent 1999/2002 "A", is still 2 1/2 points below the Government Broker's last selling price; it will be interesting to see whether the authorities cut the price (assuming enough demand develops) and try to do a little funding before the banking month ends.

Dalgety

With Spillers under its belt, Dalgety is capable of annual profits of a bit over £50m, of which only about a tenth might come from Spillers' volatile flour milling business. That would produce fully taxed earnings of just over £10m per share, and Dalgety has already forecast a net dividend of 22p per share for the year to next June.

So the floor for Dalgety's share price, at least in the short term, is probably not far below the current 234p. At this level, the prospective p/e is around 9 fully taxed while the yield is 11 per cent.

But the ceiling for the share price is not likely to be far away either. The market has not exactly been starved of Dalgety's paper in recent years, and the

through the haulage strike, so there should be a good degree of potential recovery in 1980. The telecommunications order book is well up, with over £200m of orders from the British Post Office alone and a year's work for the submarine cable business, which leaves STC in good shape to weather a business recession.

The components manufacture and distribution side is also well ahead, and ought to make over £8m this year, against £5.2m pre-tax in 1978—the company reports that component prices have begun to firm.

At 240p, down 4p yesterday, the shares stand at a 50 per cent premium to their June issue price. The p/e is around 15 times fully-taxed earnings and the yield on the forecast dividend 4.8 per cent. This rating, hard to justify on the fundamentals, reflects the lack of marketability of the shares—ITT holds 85 per cent—and the unwillingness of institutions, who have only limited ways of gaining exposure to the telecommunications industry, to sell their STC holdings.

Wall Street has regained some of its composure on the last couple of days, at least in the equity market where some bargain hunting institutions were sighted yesterday morning. But it is going to be hard work to shrug off this week's excitement as a temporary aberration.

The bond market has taken a real beating, with falls of as much as five points in some Treasury and corporate issues, and the average yield on corporate bonds has risen by half a point and more to over 10 1/2 per cent. That is upwards of five points above the yield on the Standard and Poors Industrial Average, which is at the high end of the range seen over the last decade. If the economy is going to move into a steep recession then it is quite possible that the yield gap will narrow as interest rates fall and dividend growth comes under pressure.

The gap between dividend yields and short term interest rates is much wider; unusually, money market rates in New York are now more or less in line with the earnings yield on stocks, which is a bit above 13 per cent. So there is very little incentive for the big funds to switch their substantial liquid resources into equities at the moment. It is not at all clear that interest rates have yet reached their highest level, and the running costs of buying shares too soon could be considerable.

Standard Telephones and Cables has come up with interim pre-tax profits nearly 10 per cent higher at £16m and an assurance that its full-year forecast of £32m will be met, despite the engineering strikes and higher-than-expected finance costs.

The forecast was, of course, decidedly conservative: STC reckons that unrecovered losses caused by the engineers' dispute may be as much as £3m at the end of the year. In the first half, a similar amount was lost

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